

FAR EASTERN ECONOMIC REVIEW

VOL. X

Hongkong, May 3, 1951

No. 18

CONTENTS :—

	Page		Page		Page
Economic Progress in East & West	553	Malaya—Indonesia Trade	569	Financial Reports	577
British Policy in Asia	558	Shanghai Silk Weaving Industry	569	Bullion Business in India	579
Indonesia's Industries	561	Shanghai Woollen Mfg. Industry	570	Hongkong Share Market	580
Indonesian Commercial Information	564	Japanese Stock Market Review	571	Singapore Share Market	581
Pakistan: Commercial Information on Exports	564	Japan Tin Situation	572	Hongkong Commodity Markets	582
Philippines: Background Information	568	India's Trade with Far Eastern Countries	575	Hongkong Emergency Export Regulations	584

ECONOMIC PROGRESS IN EAST & WEST

Although we are now completing the sixth year after the end of the last war, the world has not been able fully to overcome the adverse forces of the post-war period. On the political front, the cold war still persists, with intermittent vigour; it transformed itself into a real 'hot' war in a corner of Asia—Korea—during the latter months of the year. The political centre of gravity has now definitely shifted to Asia. The complete spread of Communism in China, the Korean war, the flare-up in Indo-China, the Tibetan affair and the Nepalese incident are all portents indicating on this side of the world, an increasingly complex political situation. The Malay situation, however, has improved. Indonesia has secured her independence, following a definite understanding with the Dutch, and, after some initial troubles, is consolidating the forces of recovery. The trouble in Burma has considerably abated.

Despite these and other disturbing political factors, economic progress over a large part of the world is being maintained. America, Canada and Australia have been able to maintain the tempo of their development. With the help of the American Aid Programme, Western European countries have seen steady improvement. England has been heroically endeavouring progressively to better her position.

South American countries have been trying to better themselves, some by planned internal development and others by regulation of their foreign trade. Middle East countries have been more or less static.

In India, industrial development has been better in a number of cases, except in respect of the two major industries viz. cotton and jute due to certain extraneous causes. She is grappling with the problem of achieving self-sufficiency in food, raw cotton and raw jute, although efforts in the direction in regard to the first article were upset considerably during the year by natural calamities

like drought, floods and earthquake. Despite these, she is resolved to realise the target by 1952.

After the abatement of her political trouble, Burma is trying to look up economically; appreciable progress, however, will have to be looked for only in the coming year. Malaya has shown good results. Ceylon's progress is more or less steady, as also that of Siam. After a period of stress and turmoil, Indonesia is trying to come into her own economically; and her staple products can, hereafter be expected to flow into world markets in greater abundance than before.

Japan and Western Germany have been steadily rebuilding, with progressive success, their war shattered economies. Their goods have again begun to appear in increasing volume in international markets.

After the outbreak of the Korean War, commodity prices began to shoot up. The process was aided by the stockpile programme of the United States and the announcement of big defence expenditure programmes by England and other West European countries. The inflationary trend which commenced perceptibly in the middle of the year and proceeded thereafter at an accelerated pace, remained unchecked and unabated at the year end.

Plans are being laid for the economic development of Asian countries, through the Aid to Undeveloped Countries Programme of America and the Six-year Commonwealth Plan for Development of S.E. Asian countries. The latter, in particular, is a large-scale programme, involving an aggregate expenditure of £1,868 million; and when these two reach their full stage of maturity, these countries will witness substantial progress in their economic position.

Onward March of America

America made rapid strides, industrially and otherwise. The economic onward march which commenced in 1946 still continues unabated. Indus-

trial production has increased two-fold as compared with the pre-war period. In some individual industries it is much more spectacular; it is nearly three-fold in machinery and chemicals. In steel, the progress has been above 2½ times; and the plan is to raise production from the present level of nearly 100 million tons to 110 million tons. Industrial production, which was steadily progressive until July, took a sudden spurt in August, advancing from 97 to 108. September saw a further advance of 5 points, with the result that industrial production improved by 16 per cent in the first three quarters of the year. In the last, production should show further spurt, in view of America's huge Defence programme. Her large scale piling up of vital strategic commodities has already pushed up international commodity prices and given rise to inflationary trends in many countries. America, so to say, holds the key to further international economic progress.

The pattern of America's foreign trade, while still progressive, should show significant variations. While both exports and imports have improved, the latter have done so at a more rapid pace than the former—with the result that, probably for the first time in the history of America—there was an import surplus in the month of August. The export surplus became narrower as the year advanced. As exports too have improved, the influence from this phenomenon is that America has begun to import more of other countries' products. This has solved, to a considerable extent, the problem of world dollar scarcity. Many countries in consequence, have improved their dollar position.

U.K. Position

Aided by devaluation, American Aid and other favourable factors, the U.K. has been successfully struggling to better her economic position. Industrial production improved on balance during the January-July period, the highest and lowest points touched in the production indices being 144 and 134. As further improvement must have taken place in

the succeeding months, it is safe to assume that the present level of production is about 50 per cent more than in the first full post-war year. This shows the strenuous progress achieved during the last four years. Individual industries like ferrous, engineering, vehicles and chemicals have made relatively much better progress. In the sphere of foreign trade, the trend has been towards increased exports and comparatively less imports, with the consequence that the adverse balance in merchandise has become considerably narrowed. It was £25 million in January and £21 million in October. If we take the whole period into consideration and compare with last year, the gap has become narrowed from an average monthly rate of £41 million to £35 million i.e. £6 million a month or £72 million a year. The U.K. has planned a very big Defence programme, entailing an expenditure of £1,200 million a year over the next three years. The implementation of this programme will mean concentration of industrial effort on those industries directly or indirectly connected with Defence.

Western Europe's Recovery

Western Europe has made a remarkable recovery and the general outlook is one of robust confidence. During the first half of the year statistical particulars show that the volume of industrial production was, almost without exception, larger than the pre-war level: in many countries it was some 30 to 40 per cent above. In their relations with one another, they had reached a volume of trade fully 15 per cent larger than before the war. Their combined deficit on current account of the balance of payments with the outside world had been reduced from \$7½ million to an annual rate of \$1.5 million. Most of the countries were able to add to their monetary reserves. Under the aegis of O.E.E.C., they proceeded with the liberalisation of their intra-European trade and thanks to an improved exchange position, several of them were also able to allow greater freedom for imports of goods from sources outside Europe.

Besides American Aid, the currency devaluation that took place in the Autumn of 1949 have had their favourable effect on economic development in the directions indicated above. But, at the same time, it should not be forgotten that a large part of the improvement is due to the strenuous efforts made by these countries individually to restore balance not only in their budgets but also in their general financial position. At the same time, an unusually high rate of investment has been made possible by the receipt of foreign aid. Another favourable factor has been the increased production and the general progress towards equilibrium in Latin America and S.E. Asia—a situation which has provided a basis for triangular trade in the relations between Europe and the United States. Again, a factor of the utmost significance has been the fact that world trade has been

progressing and not regressing—a fact which has enabled these countries to expand their trade and find customers for their increasing production. Greater exports have meant greater employment, particularly in the Export industries. Shipments to the United States have been greater than before, thus ensuring a progressive solution of the dollar shortage problem.

Western Europe has now reached a point of economic development when it can look forward to a satisfactory degree of equilibrium in its balance of payments position in the near future—unless the economy becomes filled by concentration on rearmaments programme. Economic conditions continuing to remain undisturbed, it can confidently expect to be able to apply any further improvement of the standard of living of its own people.

Sweden's economic development has been quite satisfactory in many respects. The steep rise in prices on the world market favoured Sweden, since her export prices went up more than the import; this, together with an increase in the volume of her exports without reducing her exchange reserve. Industrial production continued to rise, in spite of a falling off in certain home market industries. Employment continued to be on a very high level, an acute shortage of labour being even felt in several branches. Till the end of the third quarter of the year, the rise in the domestic price level was moderate. Wholesale prices showed only a tardy rise and the cost of living remained practically stable. But, at the fall of the year, the situation showed a tendency to worsen, due to the impact of rising international prices. Certain preventive financial measures were, consequently, adopted by the Swedish Government, such as restricted bank credit, suspension of open market operations to sustain gilt-edge prices, greater control over construction, etc. It is yet too early to say whether these measures will have the desired effect; all that can be stated is that certain counter measures have been taken at the very start of threatening inflation.

At the end of June, industrial production was, on an average 3½ percent over the corresponding period of 1949. There were, however, declines in the textile and leather and shoe industries owing to falling off of demand. Mining of iron ores remained unchanged at a high level. Production went up in other branches, particularly in the forest industries in which export demand was keen. Total industrial production is now twice as large as in 1935 and exceeds that for 1938 by nearly two thirds. The rise has been most strongly marked in the case of capital goods industries, which showed an increase over 1949 during the first half year. In the consumer goods industries, however, production was on the same level.

Sweden's foreign trade, judged from the figures for the first eight months, underwent an exceedingly favourable development. Total exports during the

period amounted to Kr. 3,441 million, an increase of Kr. 842 million over last year (82 percent). Imports also showed a rise of 34 percent of Kr. 957 million at Kr. 3,740 million. The import surplus on merchandise account, was thus nearly Kr. 300 million—i.e. Kr. 115 million over 1949. But, as Sweden always enjoys substantial surplus on invisible account, the payments position is expected to show a substantial improvement at the end of the year.

Denmark marked a further stage of progress in her economic development. Agricultural production was much better at the end of August 1950 than a year ago. The index of production of milk was 120 as against 106, butter 116 against 100, cheese 210 against 209, bacon 101 against 80, eggs 109 against 93 and meat 92 against 65. These are the staple articles of Danish exports; consequently their exports showed an increase during January-August 1950 as compared with the previous year. Butter was higher at 107.9 million kg. bacon at 126.1 million Kg. (53.4), cheese at 27.8 million Kg. (19.4) and eggs at 67.7 million Kg. (56.9). Industrial production was higher a year ago. Food products industry was better by 28 points, textile by 27 points, paper industry by 13 points and iron and metals industry by 27 points. The value of industrial goods exported during January-August 1950 was Kr. 878.4 million as compared with Kr. 650.0 million in 1949. Unemployment was very low at the end of August, being only 9,700. During the eight month period, the total value of imports (incl. Marshall Aid Goods) was Kr. 3,817 million—Kr. 1,005 million more than the corresponding period of 1949. The increase chiefly represented capital goods. Exports increased by Kr. 895 million to Kr. 2,835 million. The import surplus was thus Kr. 982 million as against Kr. 659 million.

In presenting the budget estimates for 1951, the Finance Minister of the Netherlands spoke in optimistic tones of the country's economic progress, which he characterised as "unmistakable". Judged from the statistics for the first half of the year, the country must be characterised to have made steady progress. The budget for 1950 showed a smaller deficit of Fls. 17 million as compared with the revised deficit estimate of Fls. 367 million. The index number of industrial production was 142 at the end of July 1950 as compared with 121 a year ago. The volume of employment increased to 148 in June 1950 as against 143 in June 1949. What is of greater significance is the increase in the productivity of labour, which increased from 87 to 92. The trend of labour productivity is considered so very favourable as to expect with confidence the pre-war level to be reached by 1952-53. This steady rise in industrial production is due, among other things to the fact that, during the last two years, a sum of Fls. 2,200 million has been invested in industrial development, by way of replacement or extension. At

the end of July, there were only 60,800 employed as against 88,700 at the commencement of the year. Wholesale prices showed an increase of 21 points at 317 at the end of June as compared with the average for 1949. The index number must have further increased now, in accordance with current world trends.

Industrial production in Switzerland proceeded steadily during the first half of the year, except for certain sections of the textile and clothing industries. With the outbreak of the Korean war, the pace of production became accelerated. It was impossible for Switzerland's economy not to feel the repercussions of the shock caused by this conflict on world economy. The increase in industrial activity already noted, became greater during the succeeding months. The adjustment of foreign industries to armaments production did not fail to have its influence on the country's export industry. There was increased

activity in the food-stuffs industries also, consequent on building up of household reserves.

Switzerland's imports during the first nine months amounted to S.Fr. 3,027 million—an increase of S.Fr. 220 million over 1949. Exports amounted to S.Fr. 2,643 million, an increase of S.Fr. 147 million. Increases in the export of textiles, machinery, instruments and apparatus, cheese and chemical and pharmaceutical products were registered. Switzerland's principal buyers were Italy, United States, France, Germany, Belgium-Luxemburg and Great Britain; and principal suppliers United States, France, Germany, Great Britain, Italy, Belgium-Luxemburg and Netherlands; and Argentine.

Switzerland has acceded to the European payments union initiated by the O.E.E.C.

French economy has been steady but quiet. Industrial production and other

factors of business activity showed generally a rising trend in the first half of the year, but in the succeeding two months there was a definite slackening in which almost all the factors participated. Thus, the index of production which was 116 in January was only 94 in August. Similarly, exports declined from Fr. 90,000 million at the end of June to Fr. 77,000 million at the end of August. But the import surplus, which was wide in the earlier months, narrowed down at the end of the period. Throughout the period, employment was less than 70,000 and at end of August actually less than 50,000. Statistics are not available for the latter months. But, judging from trends, it is reasonable to surmise that, during the period, economic indicators perceptibly firmed up, following concentration on defence programme and general rise in world price levels.

The pattern of economic development of Belgium was similar to that of France—steady progress in the first half of the year and a downward quietitude in the succeeding two months. In the last four months of the year also the trend must have been as averred for France.

West Germany, on the other hand, showed steady improvement during the first half of the year and trends at the end of the period indicated firmness for the latter half. The index of industrial production advanced from 95 in January to 107 in June—thus improving to some extent on the pre-war level of production. Industries like coal, lignite, petroleum, electricity, steel, cotton and woollen yarn and rayon either showed increases or remained more or less steady. West Germany extended her export trade, which improved from 443 million R. m. in January to 652 in June. Cost of living was steady during the period. As in other countries the latter half of the year probably showed in Germany, too, the same firming up tendency in the economic sphere.

Canada's Economy

The economy of Canada shows steady advance. Industrial production, for instance, improved from 182.6 (index number) in January to 192.7 in August. The rate of output of the industries (Combined) is now double that of the pre-war period. The main industries, the products of which prominently figure in the export trade of the country, showed perceptible increases. Mining improved from 138.6 to 146.1 (July), paper products from 181.4 to 199.3 and non-ferrous metal products from 214 to 232. Employment was more or less steady at round 5 million. The value of exports advanced from \$224 million to

\$263 million. Imports improved to a greater extent, with the result that the export surplus in the earlier months was turned into a small import gap at the end of the period. The position must have improved since then, for, in the latter period, Canada increased the value of her currency to equate with that of the American dollar and allowed it to find its international level. Canada must have been favourably influenced by the American stock-piling programme.

Russia's Developing Industries

Statistics are not readily available of the actual extent of development of Russia's economy; but from those published by the Central Statistical Administration of the Council of Ministers of the U.S.S.R. which gives details of industrial production not in terms of actual quantitative development as percentage improvement over last year it is possible to have some idea of that country's industrial development. Industrial production in the aggregate at the end of the third quarter was 24 percent above that of the corresponding period of last year. Agriculture also showed improvement. The sale of goods in State and Co-operative trading enterprises increased by a third. The number of factory and office workers rose by 2,400,000. All branches of the heavy industry, it is stated, not only fulfilled but also exceeded the plan for the third quarter. Large quantities of ferrous and non-ferrous metal ores, coal, oil, automobiles, tractors, and machine tools were produced above the targets. In the metallurgical industry, production of pig iron, steel, rolled metal, railway rails and iron tubing, showed increase of 14 to 18 percent over last year. Output of machines like automatic cranes, loading machines, railway cars, electric motors, metal cutting lathes, iron and

steel works equipment and spinning machines increased between 10 and 17 percent. Production of excavators, motor buses, tractors and railway electric locomotives rose between 22 and 44 percent. Output of passenger cars, grain harvesting combines, tractor drawn ploughs, seed drills and cultivators and steam turbines rose between 44 and 79 percent.

Middle East

Statistical particulars regarding economic progress in the Middle East countries are not readily available; from such as are, conditions would appear to be more or less static. In Iran, for instance, the general slump which had prevailed in the closing months of 1949 continued in the first half of 1950. Prices were, however, steady; the cost of living saw a decline of 18 percent at the end of June as against a year ago. Import quotas for 1950 amounted to 3,659 million rials. During April-June 1950, actual imports (dutiable) amounted to 1,337 million rials, as against 1,395 million rials during the corresponding period of 1949, actual exports (excl. Anglo-Iranian Oil Company and fisheries) to 267 million rials, as against 350 million rials. Thus, the excess of imports over exports was 1,070 million rials (1,045 million rials). In order to stimulate industry and trade a new credit policy was adopted in June, by which credit would be granted inter alia to exporters able to compete in foreign markets and persons engaged in production and developmental work. Credits totalling 160 million rials were granted for such purposes in June and July. Under the Seven Year Development plan for Iran, total appropriations for 1950 amounted to 2,016 million rials, 462 million rials for agriculture, 454 million rials for roads and railways and 545 million rials for industry. The

budget estimates for 1950 provide for a revenue of 8,948 million rials and an expenditure of 11,474 million rials. Crop prospects are considered good, with export surpluses.

Indonesia's Recovery

Immediately after the formation of the free Government of Indonesia it was beset with numerous economic difficulties. Through increasing pressure on foreign exchange funds the inclination to hoard and the growing strain imposed by the disparity in value of the guilder abroad and at home, the productive capacity of the country was retarded, which resulted in declining exports. Due to large budgetary deficit and the scarcity factor, the spiral of inflation was rapidly widening. The available foreign exchange was rapidly declining to the minimum. The Government immediately took measures to counter these adverse tendencies, which mainly consisted of steps to bring the official cost price of imported goods and local prices closer together, to increase the guilder value of exports and to curtail note circulation. These measures succeeded in their objectives to a large extent and as the result, judged by the statistics of the first half of the year, Indonesia is well on the road to recovery. The foreign exchange position has been strengthened, thanks to an increase in the value of exports beyond expectations as a result of rise in world prices for commodities. Trade between Indonesia and foreign countries again resumed an upward trend. Both exports and imports increased. Conditions in agriculture and industries are stated to be definitely encouraging. The general price level was more or less stabilised at the end of the half-year; but later there should have been an increase, in consonance with current world trend.

Progress of Japan

From the trend of statistical information available for the latest period, Japan has been making steady headway in her economic recovery. Her industrial production reached the highest post war record although more must be made before the pre-war level is reached.

However, taking the industries individually, while the textile industries are still far behind, durable goods, mining, steel, machinery and chemical industries have already crossed their pre-war levels; the development of steel and chemical industries is particularly noteworthy. The employment roll has increased from 33 to 37 million. The monthly rate of imports has declined from \$71 million to \$44 million, while exports have increased from \$39 million to \$74 million; in consequence the balance of trade in merchandise increased in favour of Japan at the end of the period, although in the previous months there have been growing import surpluses. Wholesale prices have increased, while cost of living was slightly lower on balance at the end of September; in the light of the present inflationary trend, both the wholesale prices and cost of living must have increased in the last quarter of the year. "Special demands" for Japanese goods have been on the increase ever since the outbreak of the Korean war; the value amounted to about \$140 million till November 4. Almost every industry has stepped up its production and many their labour force. Consequently unemployment, which was 430,000 at the end of June must have become appreciably reduced now.

Australian Advance

Conditions have been more or less steady in Australia, industrial production showing a slight improvement in some important sectors like pig iron, steel, zinc and sulphuric acid. Australia's production of wool, her staple commodity, was slightly better at 1,190 million lbs. last season. World demand for the product was keen at much better prices. This is one of the important commodities included in the American Stock-pile Programme. In money value, it is estimated that by her wool sales abroad, Australia realised £A280 million as compared with a meagre £A45 million in the 1938-39 season. In the current season, on the basis of present price trends, she is expected to realise £A400 million. This increase in money

income must have had naturally a slightly inflationary effect on Australian economy.

* * *

In the light of post-war factors and circumstances, world economy was steadily progressing towards normalcy during the last three years. This process was considerably aided by America's help on the international plane. Further extension of this help has been planned, by the United States and the U.K. to stimulate production in the underdeveloped countries of the East. With all this and other favourable factors, it is just possible to visualise post-war normalcy in a period of two or three years. But mean while a new factor is intervening, which is likely to have concentration on Defence programmes, which has been planned on a very large scale by the United States, England and West European countries. This means priority for Defence industries and raw materials connected therewith, which is likely to result in patterns and trends somewhat different from those now existing. Such a possibility has been hinted at in the communique issued after the recent Truman-Attlee meeting. It says: "The discussion centred on the economic problems arising from material defence efforts with particular reference to raw material requirements. It was agreed that the problem of raw material shortages was vitally urgent and that vigorous efforts should be made to increase production and assure the most effective use of the limited supplies available."

The stockpile programme of the United States has already led to higher commodity prices and many countries are thinking in terms of anti-inflationary measures. If the supply of vital raw materials is insufficient to the new acceleration and production cannot be immediately stepped up, it is just possible that world economy may be forced to think in terms of allocation of these materials in short supply—a situation which obtained for two or three years in the post-war period under the stress of an acute unbalance between supply and demand.

BRITISH POLICY IN ASIA

THE TEXTS OF THREE OFFICIAL STATEMENTS

Opening the foreign affairs debate in the House of Commons on Thursday 14th December, 1950, the Prime Minister, Mr. Attlee, stated:

"We have long and friendly relations with the peoples of Asia, not least the Chinese, and it has been our consistent policy to meet the just claims of Asiatic nations to be dealt with on terms of full equality. We have taken the realist view. When it became clear that the present rulers of China were in effective occupation of that country, we gave them our recognition. We believe that it is right that Chinese representation in United Nations should belong to the present government of China. We have been working for this, and I believe that but for the Korean episode this end would have been achieved.

"Korea is essentially a United Nations' problem. Its outcome will have an important effect on the authority and prestige of the United Nations. It is vital that that authority should be maintained, and it is therefore of supreme importance that any settlement should be arrived at under United Nations auspices. As we are all agreed that an extension of the conflict must be avoided, there must sooner or later be a settlement, and the sooner that settlement can be arrived at the better, to bring to an end the sufferings of the people of Korea and to avoid further casualties. His Majesty's Government firmly believe that the first step in the solution of the Korean problem is to bring the fighting to a very early end. They have therefore given their support to the resolution put forward in the United Nations by a number of Asian and Middle Eastern countries which provides for a cease fire. It might give food for thought to some of those innocents who are apt to be led astray, that the only opposition to this attempt to bring the fighting to an end was by the Soviet and its satellites, who are talking of peace. It is the hope of His Majesty's Government that the Chinese and North Korea will respond to this initiative and thus bring the conflict to an end.

"In our attitude towards the longer term problem, our objectives rest on the Cairo Declaration. We seek a free and independent Korea. Our ultimate aim is Korea living on terms of peace and friendship with its neighbours and with the rest of the world. The Cairo Declaration, which was agreed on by all Korea's neighbours, expressed the acceptance of the two principles of non-aggression and no territorial ambitions. It is for the Chinese Government to make it clear that they accept these principles, for their recent actions have thrown doubt on this.

"The question of Formosa, which was also dealt with in the Cairo Declaration, is one of the most difficult of all the problems facing us in the Far East. Until China shows by her actions that she is not obstructing the fulfilment of the Cairo Declaration in respect of Korea, and accepts the basic principles of the

Cairo Declaration, it will be difficult to reach a satisfactory solution. The President of the United States and I agreed that the consideration of this difficult problem by the United Nations would be helpful. Either we must try to negotiate a settlement based on the acceptance of the normal standards of international practice, and on the principles and obligations of the Charter of United Nations, or on the other hand we shall find ourselves drifting inevitably towards war. There is no middle course.

"In applying this basic principle to the fact of Chinese intervention in Korea, and to the facts of the Chinese behaviour there and elsewhere in the last few months, His Majesty's Government believe that a solution must be sought by means of peaceful negotiations. We may seek a solution, we shall not find one unless on the Chinese side there is an equal determination to use negotiation rather than force—to accept the normal standards of international behaviour, and to accept the obligations and principles of the United Nations Charter. If there is such willingness on the Chinese side His Majesty's Government are confident that solutions can be found compatible with the principle of the Charter. Nothing short of willingness on both sides to accept the principles of the Charter, and to use peaceful means for settlement of disputes, can prevent the perpetuation of international friction which in turn may lead to the break up of United Nations, and perhaps even to widespread hostilities."

* * *

In concluding the same debate in the House of Commons, the Secretary of State for Foreign Affairs, Mr. Ernest Bevin, said that, though we are living in grim times they need not lead us to war. He said that two factors have been at work since the close of the war. "One has been the expansionism of Russia and of the Slavs generally. The other has been their feeling out whether their object can be gained by their usual methods, or whether it would involve war. If they conclude that pushing too far involves war, I very much doubt whether they will take that plunge. It is for that reason we have tried to pay great attention to making ourselves strong.

"There is no doubt that the Chinese, however much they work up their usual antagonism to the foreigner, cannot work up any great hostility to Britain. All our indications are that Soviet propaganda has not been effective in that field. That leads me to believe that there is a great field open for the dissemination of facts and the right treatment of the Chinese to keep them from lining up permanently with Russia.

"I also believe that the new part India is playing in the world is a tremendous factor in the leadership of Asia. I feel very happy that the attitude of Pandit Nehru and the assiduous efforts of his representative at the United Nations have had a great effect

in keeping things steady and in teaching the West to understand the East. It is extremely important that that should be maintained.

"Another feeling that I have about the position between China and Russia is, that although it may seem strange, I never believed Russia wanted China in the United Nations. I think Russia kept putting her up in the belief that the Western nations would turn down the idea so that Russia could use that fact to make more enemies for the Western nations. The British Government have said we would try not to become obsessed with the Communist conception of China, but rather bear in mind that the mass of the Chinese scarcely understood what Communism means. We would try if we could to keep them in association with the other nations of the world. We believed the effect of that would be to make them feel they had more friends than merely one country.

"I think it is Russia's strategy and policy to use China to force us to fight. I believe those are the tactics the Kremlin is following at the moment. It would suit them by a policy of not having a single soldier in the battle themselves, and by using Chinese manpower, to get the U.S.A. involved, thus committing U.S. forces and thus keeping Europe clear for themselves."

Mr. Bevin continued by reviewing the sequence of the fighting in Korea and the declarations made by United Nations on ensuring that that country should become a free and independent territory. He reminded Parliament of the steps taken by the British Government to get the Chinese to understand Britain's position in the Korean conflict, and to realise there was no intent to commit aggression against Manchuria. "In my opinion anybody who is fool enough to attack Manchuria is bound to produce a world war almost immediately. The propaganda that went on, however, suggested that it was Anglo-U.S. policy to carry out expansion in Manchuria. This was having an effect all over China, therefore we sought to correct it, and I think we have checked it.

"We came to the conclusion that there must be a cease-fire in Korea first, and then settlement by negotiation, there being no interference with Chinese territory. But equally there must be no interference by China with Korean territory, and its territories must be inviolate. We cannot depart from the principles we set out to defend which are those of the United Nations. There must be no reward for aggression.

"Then there is the vexed question about China being a party to the negotiations. I take the view strongly that she must be, because if a settlement is made which is merely a United Nations resolution there will be no guarantee that it will last. If negotiations take place we must, I think, have China as a party to the settlement.

"Another question is that of Formosa. I see no reason for going back on the Cairo Declaration, but I recognise this is not the appropriate moment to settle the matter. We have taken the line that it will be very helpful if there is a dis-

cussion of the whole problem in the United Nations, with an exchange of views by independent minds. But there are great problems associated with Formosa, and I shall not say that we shall do this, that, or the other. But if the parties concerned can be got together, and if we can really get back to the position of the five powers surveying all these difficult questions, it may be possible to solve this one among others.

"On the question of Asia generally, I do not take a pessimistic view. There are nearly one thousand million people there. It has been possible to deal with all those territories formerly associated with the British without civil war."

* * *

In an address given to the Foreign Policy Association in New York on 2nd December 1950, the Minister of State, Mr. Kenneth Younger, said: "The subject of my talk covers the whole continent of Asia and the attitude of my country to its problems. It is particularly necessary, at the present time when immediate military events in the Far East hold the centre of the stage, to remind ourselves that in seeking a settlement of the Korean conflict, we must have regard to the main trends of Asian development if we want our work to last.

"Mr. Nehru recently said 'Asia is a vast continent, including in its scope great countries with ancient cultures with many dynamic movements and different problems in different areas. The common features of Asia to-day are a reaction from the previous Colonial regime, a resurgent nationalism, agrarian movements, a desire to get rid of our economic backwardness and a passionate urge for freedom. In varying degrees these urges are found in different parts of Asia.'

"It is important to keep these words of Mr. Nehru in mind in all our relations with Asia. For two centuries or more the West has intervened in Asia in many ways through its colonial policy, through commercial penetration and through the establishment of foreign concessions. My country has always been one of the leading Western powers concerned in Asian affairs and has done much valuable and lasting work there, but we are well aware, and it is important that others should also be aware, that Western intervention in the past, even where it was well meant and beneficial, has left behind considerable resentment and a determination to establish an entirely new relationship in the future.

"The reaction against colonialism, the resurgent nationalism and the passionate urge for freedom of which Mr. Nehru spoke, are all natural and inevitable responses to the impact of the West. This phase of the relationship between Asia and the West is rapidly passing away and the inauguration of the new era is inevitably accompanied by many strains and difficulties.

"If Western Powers, including the United States, are inclined to get indignant at the often exaggerated and

even unjustified criticisms levelled by Asian countries at the West, they must remember that suspicion and resentment of Western domination lie deep in history. I am entitled to claim that my country has been quick to grasp the mood of the new era. Especially in relation to India, Pakistan, Ceylon and Burma, also in relation to our Colonial Administration, we have been moving very fast indeed in recent years, and our reward is that we now number many former critics of our rule among our closest friends within the United Nations.

"It is important that the West should draw the moral from our experience in its relations with Asia generally. The moral that from now onwards it is Asians who must determine the fate of Asia. These basic considerations would in any case have forced us to revise our attitude to Asia even without the additional complication introduced by Soviet imperialism. Soviet theorists have long appreciated that they may be able to attack the Western powers most effectively not in Europe or America but in technically backward areas, and especially in Asia from which the West draws many of its raw materials and where it finds its markets. When, therefore, the post-war Communist threat to Europe was checked, largely by the Marshall Plan and the Atlantic Pact, it was quite natural for the planners in Moscow to switch the offensive to Asia. This was all the more attractive to them because they were able to catch the tide of the Communist victory in China in an attempt to sweep through and dominate the whole of South-East Asia.

"On the need to counter this offensive there is no difference between the United States and Britain. In the long run of course the success of the communist offensive in Asia would constitute a threat of the direst nature to the security of free nations everywhere. We have, however, not always agreed upon the best way of winning Asian peoples to our side, and our appreciation of the Asian attitude to Communism is not always the same. One has only to recall Mr. Nehru's words which I quoted, to see how easily Communism can appeal to the anti-Colonial feeling, to agrarian movements, and to all those who wish to get rid of economic backwardness in Asia.

"That is probably why communism in most of Asia is not the bogeyman that it is in many circles in the West. Any crude attempt to line up all the Asian peoples in a frontal attack upon communism is at once suspected as a mere device for perpetuating Western influence. This thought undoubtedly colours the attitude of many people in South and South-East Asia to the communist revolution in China. To them the Chinese revolution is something more than a mere Moscow plot. They see it as a fairly natural and mainly indigenous development which has been going on in China for many years.

"This is particularly important because all over South-East Asia there are very large Chinese communities. The vast majority of these are not attached to Communism, but they are strongly at-

tached to China, no matter what Chinese Government may for the time being be in power, and it is not upon the basis of blind hostility to Communist China just because it is communist that the co-operation of these widely scattered millions can best be won for the West.

"Even in the Indian sub-continent, where resentment against recent Communist policies in China has been growing, it is inevitable that it should be a prime object of Indian policy to prevent the Asian continent from being split by a conflict between the two greatest wholly Asian powers, just at the moment when India has achieved her independence and is hoping to see Asia emerge to a position of increased importance in world affairs. Indians do not easily assume that China must remain indefinitely a tool of Soviet policy and they believe that the best and, indeed, the only hope of preventing China from being added to the forces of Soviet expansionism is to ensure that she has an appropriate status in international organisations and has some means of contacting the outside world other than through a Soviet intermediary.

"In this Britain has largely shared the Indian view. Recent events and policies of the Communist Government in China are threatening to make impossible any long-term policy for the building of peaceful relationships with Communist China, but we do not feel that these events, deplorable though they are, alter the correctness of our earlier analysis of the situation. That analysis still remains the only basis for peaceful settlement in the east and it seems to us that the true defeatists are those who give up fighting for peace too soon.

"Having given you these general reflections upon the Asian scene, I should now like to bring you closer to the events in the Far East which are at present threatening the peace of the world. It is becoming more widely realised every day that present troubles in the Far East are only one part of the troubles which assail us all over the world as a result of Soviet imperialism operating under the Communist banner. Though the Far East is at the moment the most dangerous area, we must not forget that other areas are dangerous too, and that the free world must not act in one area in such a way as to lay it open to disaster in another.

"This is an important part of the background to British thinking in relation to the Far East at the present time. Another important part of our background thinking, to which I have already referred, is our conviction that while the West may help or hinder development in Asia, in the long run it is the attitude of Asian peoples which will be the determining factor. Our objective must therefore be to rally to our side the maximum amount of Asian support by helping them to realise both their nationalist and their social objectives free from the domination of Soviet imperialism.

"We are already doing a great deal under this heading in South East Asia where the countries of the British Commonwealth, including of course the Asian members, have devised a scheme for

technical assistance and a 6-year programme of economic development, based upon national plans already drawn up by the countries concerned. This sort of programme for creating a partnership of east-west must become an accepted part of the policy of the western powers in Asia. I have high hopes of what can be achieved if only we can prevent the outbreak of general hostilities and win some years during which those policies can develop.

"In the Far East itself Japan and China must obviously be the decisive elements. Following her defeat in war, Japan has been, so to speak, in cold storage for five years, and people have consequently been inclined to neglect her political influence. Soon, however, she is bound to reemerge, and her numerous, hardworking and skilful population are bound to make her once again a dynamic force in East and South East Asia. If she is to be successfully and peacefully brought back on to the political stage, we must aim to provide a very large political and economic framework within which she can develop her trade and use her skill for the technical advancement of Asia. This is not going to be an easy thing to do, and it will not be a promising start if at the outset an iron curtain cuts her from the whole mainland of China. I do not say that other outlets for international co-operation on the part of Japan cannot be found, but merely that the final disappearance of China behind the iron curtain would certainly increase our difficulties very greatly and that therefore it is worth making a considerable effort to encourage the new Chinese regime to come into the comity of Nations.

"Recent events make the immediate prospect of doing this less hopeful, but they do not alter the fact that it would still be desirable to do it. Those who readily assume that it cannot be done, overlook I think the traditional dislike of the Chinese for foreign intervention of all sorts, the deep roots of Chinese civilisation and the repugnance which any Chinese, no matter what his politics must surely feel towards a policy which would surrender the leadership of Eastern Asia to a group of foreigners in Moscow. If therefore we can prevent the present crisis from ending in early disaster it will still remain an object of our policy to find a way of living in peace with the Government of China, whether it be Communist or not.

"Much controversy has raged around the recognition by the British Government of the Communist regime in Peking as the Government of China. On this, as is well known, we have taken a different line from the United States. This is based upon a difference of approach to the problem of recognition. It has long been the practice of the United Kingdom to recognise, broadly speaking, any Government which is in effective control of most of the territory of a country and which can command the obedience of the bulk of the population. This act of recognition is based upon legal and practical consideration and implies neither approval nor disapproval of the acts of the Government recognised. The United

States, on the other hand, have taken the stand, in relation to China, that they could not recognise the Peking Government because of its Communist nature and its behaviour, and because of its apparent lack of willingness to observe normal practices in its relations with the non-communist world.

"There is something to be said for both of these points of view. I do not wish to argue the case in detail now. The point I wish to make at the moment is that our difference with the United States on the question of recognition should not be taken to imply that the main objectives of our two countries in the Far East, and particularly our objective of checking aggression, are not shared in common. On objectives we stand shoulder to shoulder, even if the means to the end are sometimes in dispute between us.

"The rival Chinese regime now has no footing except in Formosa. I do not wish to say anything about the merits or demerits of this regime. The British Government's policy towards it is based on the belief that the main reason for its expulsion from China was that it no longer commanded general support, and our assessment is that it has a poor chance of returning to China as a result of any purely Chinese internal developments. It seems, to say the least of it, unlikely that it can achieve today what it proved completely unable to achieve a year or two ago, when it was still established on the mainland of China, still had large organised armed forces at its command and still enjoyed considerable support from its wartime allies. If this estimate is correct, it follows that the return of the former Government to Peking could not take place except as a result of a major conflagration involving large-scale military intervention by outside powers or by United Nations as a whole of the mainland of China. In other words all the hopes of the former Chinese regime must inevitably be centred upon the failure of the Western powers to achieve a peaceful settlement in the area.

"We in Britain are not resigned to a failure of a policy of peace in the Far East and we therefore cannot find anything in common in our international objectives with the former Nationalist regime. It seems some people have interpreted our attitude in these matters as appeasement—a word which was once an honourable one in the English language but has now become a term of abuse because of its association with the Pact of Munich. I suppose that appeasement, in the Munich sense, means selling someone down the river out of fear of offending a powerful aggressor, or at least out of a mistaken belief that you can come to terms with him at someone else's expense. I think that what I have already said should be enough to show that it is nonsense to apply the term appeasement in that sense to the Far Eastern policy of these governments, including my own, who have recognised as a fact that Chinese Communists are in control of China and who have not despaired of a solution in the Far East which would enable China to develop relations with

the world as a whole and not merely with the Soviet Union.

"It is of course in line with this policy that we have been supporting acceptance of the Peking Government as the Government entitled to represent China in the United Nations. It is impossible for anyone to say whether, if our point of view had been generally accepted some months ago, the situation today would be any different from what it is. I cannot claim that it would necessarily have been worse. If any of our problems are to be solved without war there must be relations between China and the outside world. I do not see what we gain by acting in a manner which ensures that those relations will be channelled exclusively through the Soviet Union.

"Turning to the present anxious situation in Korea, where United Nations forces are having to stand up to a large-scale offensive by Chinese Communist troops, I cannot forecast how things will develop in the coming weeks. I do not think that you would expect me to speculate publicly about the immediate future. It would be rash to try and I do not intend to do so. I will only say that our position is the same as that of the United States and of all those other members of the United Nations who have sent fighting forces to Korea. We have repeatedly stated as they have, that our objectives are those set out in United Nations resolutions, neither more nor less. By these resolutions we stand and we cannot allow them to be brought to nothing through the wrongful use of armed force.

"The Government of Peking has nothing to gain by driving the great majority of the United Nations into a state of hostility to it. Indeed, it has much to lose. In this matter we feel the same about our soldiers in Korea as you feel about yours and we will be equally firm in our support of them. The Chinese People's Government must, however, surely be well aware that the moment it shows a readiness to resolve this crisis by peaceful means and in accordance with the principles of the United Nations Charter, it will meet on our side with a readiness to cooperate with it and to give it every reasonable assurance that Chinese interests are in no way threatened. If it will take this course the fighting in Korea can speedily be brought to an end and the process of construction, which is as badly needed in China as in the rest of Asia, can be resumed. In this process my country has already shown its willingness to cooperate on terms of friendship and equality with the peoples of Asia and it asks nothing better than to be allowed the chance to develop these policies for the mutual benefit of the peoples of all continents."

INDONESIA'S INDUSTRIES

By Eric Powell
(Djakarta)

Industrial activity has been centred in the processing of agricultural products and in the manufacture of a very limited range of consumer goods almost exclusively for the domestic market. Before the war, there were over 2,300 establishments engaged in the processing of agricultural products, including 769 rice mills, 270 tea factories, 491 rubber factories, 220 combined coffee and rubber factories, 156 tapioca mills, 130 sugar mills and 30 hard fibre processing factories. Of these, 1,700 were located in Java and most of the others in Sumatra.

Aside from the processing of agricultural products, the industrialisation policy of the Government has been directed toward the production of such consumer goods as cotton, textiles, soap, paper, cigars and cigarettes, margarine, beverages, boots, shoes and other leatherware, roofing tile, ready-mixed paints, automobile and bicycle tyres and tubes, agricultural hand tools and fertilisers. Two-thirds of these factories are located in Java.

There are also a number of machine shops, mainly for repairing railway and plantation equipment, and shipyards, chemical works and tile factories. During the Japanese occupation some factories were converted to the production of war materials, others had machines moved for use elsewhere and many suffered from deterioration due to neglect. Moreover, numerous factories were destroyed, damaged or looted during the period of political unrest which followed the war. Rehabilitation of industrial establishments has been retarded by the lack of trained personnel (especially western technicians and administrative personnel) and the shortage of foreign exchange for the purchase abroad of materials, machinery and spare parts. To assist industries in meeting local expenses, the Government issued licences to individual enterprises, unblocking their frozen pre-war bank balances and authorising banks to make funds available to them, not exceeding stipulated amounts, with or without Government guarantee. Under this system, licences were issued to industrial enterprises to the amount of U.S.\$9,724,292. Insofar as possible, allotments of foreign exchange were also granted for the import of essential equipment or raw materials, but owing to the country's critical exchange position, such allocations were necessarily limited.

Machinery from Japan:— Of the approximately 20,000 machine tools that were in operation before the war, more than 50% were destroyed or carried off. To a small extent the need for these machines, which cannot be met by purchases on foreign markets, will

be supplied from Japan. Lathes, drilling and milling machines have already been allotted to Indonesia. Some 1,600 to the value of from 8 to 10 million guilders have arrived; another shipment, consisting of instruments, was received about the middle of May. As regards future consignments, it was first thought that these would aggregate between 10,000 and 18,000 machines, but it is now expected that they will not exceed 4,000 in number. The allotment is based on information supplied by the manufacturers themselves regarding their losses of equipment.

Rehabilitation:— It is estimated that industrial activity averages about 30% of the pre-war level. A further gradual increase is expected, but full scale rehabilitation cannot be undertaken unless foreign exchange or credits become available in adequate amounts. In connection with long range plans for industrial expansion, consideration is being given to a reversal of the pre-war policy which confined industrialisation largely to Java. The resumption of the production of rubber tyres in the Goodpear factory in Java is one of the highlights of industrial recovery. The year's output included 27,000 automobile and truck tyres and tubes as well as bicycle tyres. The only cement factory in the country, located at Padang in Sumatra is re-opened and has attained an output of 5,000 tons a month. The 27 larger machine shops in Java, together with smaller establishments, attained an output equal to about 30% of the pre-war level. The seven paint factories could operate only 50% of capacity, owing to the lack of foreign exchange for importation of raw materials. Two of the larger paper mills, with a total annual capacity of about 7,000 tons have reached 50% of capacity. Every effort has been made to speed the rehabilitation of the textile industry, especially in Java. Some 45,000 hand looms and 6,000 mechanical looms were in operation before the

the war, but an inventory taken after, showed that only 8,000 hand looms and 2,300 mechanical looms remained. In order to economise on foreign exchange, mechanical looms—recovered from burned mills in a condition which would normally have led to their being scrapped—were painstakingly repaired and placed in operation. Textile production has attained about 40% of the pre-war level. The mechanical and hand loom output could have been considerably higher if more foreign exchange had been available to import yarns.

Industrial Planning:— It has been announced that the Government of Indonesia intend to carry out an industrialisation policy along definite lines. The heavy industries are mainly concentrated in Java, and the post-war policy appears to be aimed at a continuation of this development. The intention is to build up a balanced industrial machine satisfactorily founded on a few metallurgical and chemical industries. On this foundation, light industries will be established with the aim of supplying the primary needs of the population. In the selection of industries, consideration should be given to those which are suited to early industrial development, recognising the lack of available skill and the need for training native labour. Con fuller utilisation of the agricultural and mineral resources of the country. There are excellent prospects for the development of light industries as soon as some stability can be reached. It is obvious that industrialisation will immediately increase import of capital goods, technical products and certain raw materials. The increase in the income of the people—as a result of the development of industry—should further bring about an increase in the import of consumer goods, since for the first few years, at least, local manufacture will only be of the coarser kind of goods. It must be realised that Indonesia is not yet geared for the development of mechanised modern industry. The agrarian population must always be partially self sufficient and, therefore, require cottage industry tasks for their hands to do in earning an income additional to that from their farm produce.

Projects For Industrialisation

Object	Products	Investment	Annual Output
Caustic Soda Factory	Caustic Soda	f20,500,000	15,000 tons
	fertiphos		15,000 "
	hydrochloric acid		1,500 "
Sulphate of Armonia	chloride of lime	32,000,000	52,000 "
	S.A.		
	Armonium Nitrate		
	Nitric Acid		
Craft Paper Mill	Sulphuric Acid	66,000,000	25,000 "
	Paper		
Scrap Processing Industry	Rolling Mill	26,200,000	40,000 "
	Products		
Aluminium Works	Aluminium	76,200,060	5,000 "
Aluminium Rolling Mill	Aluminium Rolling	9,500,000	2,600 "
	Mill products	4,000,000	16 million
Glass Works	Bottles	16,000,000	
Plywood factories (5)	Plywood Sheets		15,000 ml.

Object	Products	Investments	Annual Output
Weaving Mills 6,000 looms	Textiles	70,000,000	50 million mm.
Spinning Mills 250,000 Spindles	Yarns	75,000,000	20,000 tons
Knitting Mills 150 machines	Textiles	11,000,000	2.5 million doz.
Jute Spinning & Weaving Mills	Sacks	33,000,000	20 ml. sacks
Coco Processing Industry	Various Products	4,000,000	15,000 tons
Plastics Industries (4)	Plastics	5,000,000	2,000 "
Resin Refinery	Resin	2,500,000	5,000 "
Cement Works	Cement	23,500,000	106,000 "
Hardboard Manufacture	Building Board	33,000,000	8,100,000
Match Factories	Matches	1,300,000	2,500 cases
Tannin Factories (3)	Tannin	3,000,000	12,000 tons
Tanneries	Leather	5,400,000	15,500 "
Shoe Factory	Shoes	4,500,000	300,000 prs.
Printing Works (70)	Printed Matter	23,500,000	4,000 tons printed
Preserved Fish	Preserved Fish	350,000	2,000 tons
Potteries	Earthenware	8,500,000	

In judging this scheme, it should be borne in mind that many difficulties have to be overcome before it will be possible to start operations. Restoration of traffic and expansion of the

supply of electricity are imperative.

Prior to everything else, however, another restoration will have to take place, namely restoration of confidence and faith in the future without which every activity is doomed to failure.

later resulted in gradual disruption of the country's economy. Wartime damage to chemical installations and stocks was in the neighbourhood of 14,000,000 guilder. The Japanese made efforts to develop the chemical industry of Java to the extent that a few of the tea and sugar factories were converted into plants for producing sodiumnitrate, hydrochloric acid, chloride of lime, and sodium sulphate, but how successful these ventures were is not known. After the close of the war, before rehabilitation could be effected, the archipelago was beset by political disturbances which impeded efforts toward recovery. Also the lack of trained personnel and the shortage of foreign exchange for the purchase of materials, machinery and spare parts have retarded progress.

The consumption of chemicals in recent years has been lower than in the pre-war period but this decrease does not indicate a permanent lessening of demand for these products. Many of the factors causing this situation may be attributed to the war and the accompanying world scarcity of chemicals and related products. However, even had these commodities been available, it is doubtful that the country's foreign exchange position would have permitted payment for imports in the quantities required. The important bulk industry alone normally consumed annually about 1,000 metric tons of dyes, 8,000 tons of wax and 5,000 tons of resin. Other important chemical consuming industries are petroleum, mining, tanning and the manufacture of textiles and soap. In addition, substantial quantities of fertilisers and other chemicals are required by the many agricultural operations of the islands, among which are the cultivation and processing of rubber, palm oil, gums and resins, tobacco, fibres, coffee and sugar. The shortage and, in some instances, the complete lack of chemicals, has greatly hampered the re-building of these industries.

Sulphur: Production of this material in 1940 amounted to 17,180 tons (metric). Output was derived almost entirely from the volcanic sulphur-mud deposits of the Kawak Poeth near Bandoeng and in West Java at Telaga Bodas. Reserves, with a 30 to 70% sulphur content, amount to 1,000,000 tons. There has been no commercial production since the war. On world markets, domestically produced sulphur cannot compete with that of other countries.

Sulphuric Acid: In 1949 petroleum refineries produced between 6,000 and 7,000 tons of sulphuric acid. This product is still being manufactured but no recent statistics are available.

Phosphate Rock: Phosphate rock has been produced in the Kronomony mountains of west Java since 1919 by four private companies; pre-war out-

Established Industries

Industries	Number	Number of Machines Mechanical	Hand	Personnel	Wages Pd. in f'000
Canning	6	102	7	315	78
Cassava Mills	220	5,542	410	7,556	1,074
Rice Mills	1,137	7,767	363	28,560	3,714
Bakeries	106	596	610	2,270	493
Biscuits	15	287	11	1,563	233
Confectionery	24	380	20	2,201	214
Vegetable Oil	110	1,902	1,389	6,744	1,393
Margarine	3	147	1	363	161
Palm Oil	31	1,819	13	3,950	1,146
Sulphuric Acid	4	80	—	120	34
Oxygen	4	83	1	80	63
Carbonic Acid	3	41	2	29	14
Soap	14	327	245	1,964	397
Paint	14	400	10	572	252
Pyrotechnic	21	33	—	1,936	77
Fertilisers	4	35	2	436	74
Motorcar Tyres	1	288	322	1,017	655
Rubber Goods	13	555	555	2,354	338
Saw Mills	103	1,060	427	3,957	858
Furniture	12	104	615	813	180
Box & Barrel	27	389	17	2,147	414
Woodworking	9	116	32	166	30
Printing Works	284	6,014	4,910	15,162	5,164
Tanneries	19	548	989	1,293	240
Leatherware	6	34	103	290	46
Weaving Mills	199	18,851	23,407	49,775	3,466
Clothing	9	235	1,079	2,027	168
Shoes	10	792	286	2,519	393
Electricity Works	722	2,814	—	9,274	5,585
Gas Works	8	112	—	1,949	667
Asphalt Mixing	5	46	3	226	53
Roof Tiles	17	176	193	2,331	296
Glass Works	8	156	244	1,617	142
Iron Foundries	5	127	—	392	87
Tin Box	28	911	189	1,705	395
Drums	6	246	1	463	154
Other Metal Manufactures	7	358	45	1,542	217
Machinery	68	4,549	264	10,559	3,347
Machine Shops	282	7,425	1,763	17,812	5,262
Electrical Apparatus	19	567	192	1,100	489
Ship Yards	16	1,743	8	7,268	2,958
Rolling Stock	23	4,143	226	5,895	2,470
Motorcar Workshops	32	379	636	2,010	1,135
Bicycles	4	44	14	240	50

The Chemical Industry of Indonesia

The chemical industry of Indonesia is largely a by-product operation of other industries; the manufacture of chemicals on a commercial basis is limited. Pre-war, the Government had

begun to lay plans for the general development of industry, but fulfilment was postponed by the effects of the war and the subsequent Japanese occupation of the islands caused little immediate damage to industry, but

put in 1940 amounted to 34,085 tons. Additional deposits of rock in the Outer Provinces could be worked if the demand warranted it. Superphosphates have not been produced because of the high cost of sulphuric acid.

Ammonium Sulphate: was made before the war, but no information is available on present production. **Iron Sulphate** was produced by one factory in Surabaya; output met about 80% of the pre-war demand. Production amounted to 26 tons but no information is available on the current output. **Formic Acid** was produced experimentally by the Government plant at Bangka before the war. **Copper Iodide** was also produced in the pre-war period, but manufacture has not been resumed. **Liquid Carbon Dioxide** formerly was manufactured by two of the larger breweries in considerable volume.

Coal Tar and Alcohol: These are the only organic chemicals which are manufactured in any quantity. Coal tar is a by-product of local gas plants. Pre-war production was about 1,500 tons annually.

Alcohol (Industrial and Ethyl) Alcohol was made from sugar by three large distilleries before the war and sizable quantities were exported to China and Hongkong.

Butanol: is produced by one plant, in unknown quantities.

Glycerin: Crude glycerin was produced by one of the large soap manufacturers prior to the war. Pre-war output was 200 tons. The other larger soap factories also produce this commodity, in unknown quantities, but the smaller manufacturers do not recover glycerin.

Explosives: These are produced by one plant.

Paint: The paint industry was well developed in the pre-war period and the annual production of about 7,000 tons in 1940 supplied 75% of domestic demand. Production in 1949 was 3,500 tons.

Salt: Salt is made from sea water in considerable quantities in South Celebes and Madura. The Government produces about 90% and the natives the remainder. Total output in 1948 is estimated at 360,000 tons compared with 431,000 tons in 1940. Salt was a pre-war export item—about 64,000 tons having been shipped to Japan in 1941.

Turpentine: This is produced by one plant but present output is unknown.

Iodine: This commodity was formerly exploited by the private companies from salt-water beds in east Java. One factory resumed operations but no production figures are available.

Gums and Resins: In pre-war years, exports of gums and resins were of considerable importance to the economy of Indonesia. However, because of the wide disparity between local prices and those on the world market, post-war production and export of these commodities have been at low levels. Export of gums and resins in 1948 totalled 6,832 tons. In the 1936-41 period, an average of 29-30 tons was shipped yearly.

Plastics. Before the war, two firms manufactured plastics on a limited scale. It is not known when production will be resumed.

Glue. Glues were manufactured by two small plants before the war. No current information is available.

Inks. Low-grade black printing and duplicating inks were formerly produced. They were not, however, competitive with the better grade of imported inks.

Insecticides. These materials are made but the quantity is not known.

Soap. In 1940, production of soap met 95% of domestic requirements. Output in 1949 was estimated at 40,000 tons, or about one-half of that in 1940. There were eleven large and numerous smaller factories in operation in 1949 compared with fourteen large and many more smaller establishments in 1940. The shortage of caustic soda is the principal present deterrent to production.

Drugs and Essential Oils. A great variety of plants, trees and grasses are found in the islands and from these are produced many drugs and essential oils. Among them are citronella oil, patchouli, cananga oil, cajaput oil and cinchona bark (approximately 90% of total world production of the latter).

Foreign Trade:— Chemicals and related products accounted for 7.4% of total imports by value in 1949 compared with 4.4. in the preceding year. Chemical imports in 1949 were 144% greater, in terms of value, than in the preceding year and almost double the 1936-41 average. This value increase may be attributed, however, to inflated prices, as the 1949 volume of imports was only 40% of that in the pre-war period. Exports (essential oils, resins and quinine) likewise increased in 1948-47% by value—but decreased 78% in volume from those in pre-war years. The value of exports in 1949 was 253% greater than in 1947. In pre-war years, as well as in 1949, the principal item of import was fertilisers. They represented 59% of the volume and 20% of the average value of total imports in the period 1936-41 and were 41% of the volume and 40% of the value in 1948. The Netherlands was the chief pre-war supplier of fertilisers.

Industrial chemicals occupied the second place among imports by value in 1949—27% of the total. Paints and varnishes were the second largest import item in pre-war years, accounting for 19% of total chemical imports. In round figures, total imports of chemicals and allied products amounted to £8,000,000 sterling, and pharmaceuticals £600,000 during 1949.

Canning Industry

Canning Industry. There are a number of factories producing canned food and beverages, the most modern being the Fabrik "Java Fruit" which was established in 1947 at Bandoeng for the processing of canned fruits and beverages. This plant employs about 155 workers and can produce 100 metric tons of jams of diverse flavours and 6,000 litres of beverages, including syrups, wines and liqueurs, each month. The largest share of the production is purchased by the army. Auxiliary to the plant are experimental gardens covering an area of nearly 500 acres, for work with strawberries, raspberries, rhubarb, papaya, white ginger, kumquats and other local varieties of fruit. The canning industry is one which is capable of considerable expansion.

Cigarette Factories

The significance of tobacco manufacturing lies not only in the labour which it employs but also in the fact that its basic raw material is produced almost entirely at home. Cigarette production has greatly increased in factories as well as in homes. The British American Tobacco Company produce about 70% of the demand (which is very considerable) in extensive modern factories. Manufacture is at present limited by the Government to one brand only; capacity is about twelve million per day. Concentration on one brand enables printing and wrapping materials to be ordered in bulk quantities, thus effecting an overall economy. There are a number of small factories, mostly Chinese owned, details of which are not yet available.

General Engineering

Apart from several large European engineering enterprises, the industry is in the hands of Chinese. Developing from small beginnings it is still confined, in a large number of cases, to shop fronts and obscure back yards. Nevertheless, while their requirements of material are small individually, they are large in the aggregate.

Indonesian Commercial Information

Import Duties

There are no preferential duties. Pre-war basic rates of 6% ad valorem on capital goods, raw materials and semi-manufactures; of 20% on luxury items and of 12% on consumer goods, are now subject to a 50% surtax, making current rates respectively 9, 18 and 30%. Duties are calculated on the C.I.F. value. Exempt from import duties are: raw materials, and certain goods or merchandise used in agriculture, public health and transportation, in the preparation of processing of export commodities, and in certain domestic industries, especially weaving and metal manufacturing. Reduction to about half of existing rates on: ingredients in bulk for the industrial manufacture of beverages, synthetic plastic materials in pieces or power (for the lacquer industry); chalk, pencils, liquid soap, leather, rabbit and opossum skins, heels and soles, cardboard, canvas, articles of machinery and equipment for industrial firms. Import duties may be waived for chemicals, paints and similar materials necessary as manufacturing aids; crude minerals and crude petroleum for certain specified industries; materials and articles required for the processing of export merchandise; and machinery and equipment for new industries. Import duties may also be waived for a period of two years on raw materials required by new industries. A temporary reduction in duties, or a reconstruction subsidy amounting to 50% and in force until January 1, 1950, applied to imports of: certain specified machinery, equipment, apparatus and parts such as leather and rubber belting, packing material, high-pressure hose; wooden parts for the textile machinery and casting moulds; articles made of papier mache for weaving mills; hose for the transportation of liquids; weaving straps and cover, millstones (grindstones); asbestos insulating and packing material, fireproof bricks, glass gauge tubes; structural steel, axle material, industrial pipe; boilers, steam engines and electrical machinery, mechanical and electrical apparatus and equipment; dredging mills, sand (suction) dredges and derricks, volt and ampere meters, pyrometers and manometers, provided they are to be used in the rehabilitation and reconstruction of industry, etc., and iron and steel drain pipe. For those imports a separate import declaration is required.

Excise Taxes

The rates vary according to product. **Statistical Tax**

A three-eighths of 1% ad valorem (including $\frac{1}{4}$ of 1% charge by the Foreign Exchange Institute) is assessed as statistical tax.

Harbour Dues

Harbour dues range from 0.50 guilder to 1.25 guilders per metric ton gross, depending upon the harbour.

COMMERCIAL INFORMATION ON EXPORTS TO PAKISTAN

Shipping Documents

Consular documents are not required for any shipments to Pakistan. Commercial invoices and ocean bills of lading are sufficient. No special form of invoice or bill of lading is required. The shipping documents should go forward separately from the goods.

Commercial Invoices:—The commercial invoice must be signed by the shipper or manufacturer and must show the consignee's name, the name of the vessel by which the goods are shipped, the number and description of packages, together with their marks and serial numbers, the quantity, description, and value (including freight, insurance, and other shipping charges) of the goods. If the price shown on the invoice is a c.i.f. price, a note to that effect must be added. Invoices are not required to be visaed. It is also advisable, though not required, that for all piece goods the invoice show the weight and length in yards of each bolt of cloth, the counts, and the net weight of each case of goods. Invoices covering cigarettes should show both gross and net weights. The net weight of cotton thread must be shown on the invoice.

Bills of Lading:—The bill of lading must show the gross weight in pounds, and should also show the measurement in feet and in inches. "To order" bills of lading are acceptable and are protected against delivery of goods without endorsement of the documents and honoring of drafts. Such bills of lading must show the name and address of the party to be notified. The negotiable bill of lading, the draft on the importer, and all other documents on the shipment should be sent to the bank. There is no penalty by way of fines or additional duties on goods sent by indirect routes or transhipped in a port of another country. No special documents are required on such shipments.

Sanitary and Other Special Documents

—No plants, other than fruits and vegetables intended for consumption, and potatoes, may be imported into Pakistan by sea, unless accompanied by an official certificate and unless free from injurious insects and diseases.

Two certificates are required in Pakistan for imported leaf tobacco. The first or general certificate is the same as that for all plants. The second, a special certificate to the effect that the tobacco is free from "Ephestia Elutella" or that the pest does not exist in the country of origin, is required for unmanufactured tobacco. When tobacco is unaccompanied by such certificates, the consignment must be examined, on importation, by an officer of the Government of Pakistan. A fee is charged for this examination. Certificates of cleanliness, countersign-

ed by a practicing physician in the country of origin, are required to accompany shipments of second-hand clothing. The letters "M.D." must appear after the signature.

Documents for Air Cargo:—Certain air lines and express companies accept packages for shipment by air express or air freight. There are no definite limitations on size or weight of articles or packages accepted for air shipment, but such articles or packages must not exceed the dimensions of the door or cargo compartment of the plane in which they are to be carried. Documentary and license requirements for air shipments are, in general, the same as those for shipments by other means of transportation.

Shipping by Mail

The are no postal, small-packet, 8-ounce merchandise, or special delivery services to Pakistan.

Parcel Post:—There is no handicap on the use of parcel post in trade with Pakistan. Packages may weigh up to the limit of 22 pounds and are limited to 3 feet 6 inches in length and 6 feet in length and girth combined. They may not be addressed to box number, but must bear the actual address of the addressee. Packages may not be registered or insured. Grouping of two or more packages under one set of declarations or despatch notes is not permitted.

Regular Mails:—Merchandise may be shipped in sealed letters or letter packages weighing up to 4 pounds 6 ounces and may not be more than 24 inches in length, nor have a combined length, breadth, and thickness over 36 inches. Printed matter may weigh up to 6 pounds 9 ounces with the exception of packages containing a single volume, when the weight limit is 11 pounds.

Gift Packages:—Gift packages sent to Pakistan are dutiable at the same rates as commercial shipments, but are not subject to import licensing. All gift packages should be clearly marked "Gift," and the customs declaration should show an exact description of the articles contained in the package. Import duties cannot be prepaid by the sender. However, certain international freight forwarders may undertake the delivery of dutiable packages abroad and bill the sender for the cost, plus a service fee; or an international money order for the approximate amount of the duty and delivery cost may be sent to the recipient.

Samples and Advertising Matter

Samples of commercial value imported into Pakistan are normally dutiable at the same rates that apply to commercial shipments. If samples are unsuitable for use or sale and are only representative parts of a complete whole, they are not dutiable. Samples

taken in by salesmen are dutiable, but upon reexportation, seven-eighths of the duty may be refunded. To obtain the refund of deposit or cancellation of bond, the salesman must present at entry, and at the time of reexportation of the samples, a list or declaration containing a full description of every sample, which must be signed by the officers at the port of arrival. Catalogs and advertising circulars, when imported in small quantities, are admitted free of duty, but if shipped by freight in quantity are subject to duty as paper manufactures. Other advertising matter is dutiable.

Labeling, Packing and Marking

The requirements for marking imported goods with an indication of the country of origin are most exacting in Pakistan, and are rigidly enforced. Heavy fines are imposed for violation. Foreign merchandise bearing any name, trade-mark, or description in the English language or any English words at all is considered falsely described, as purporting to be of British origin, unless there appears a definite and adequate counterindication of the true country in which the goods originated. Goods or packages entirely unmarked require no indication of origin. (The counterindication should be adjacent on the same label or part of the covering of the goods to which the name, trade-mark, or words in the English language are applied; it should not be on a separate label nor otherwise detachable; and it should be applied indelibly. It should be repeated for all applications of the name or trade-mark or English words, except when these are reproduced in such close proximity that one prominent counterindication will cover all. If different languages or characters, such as English and Hindustani, are used for the names, trademarks, etc., the counterindication should be repeated in each language employed. Although it is sometimes possible to have a proper indication of country of origin affixed to goods after arrival, this is rarely permitted; fines are exacted even when such marking of goods after arrival is allowed. No one should take the risk of sending goods to these markets without fulfilling the mark-of-origin regulations most explicitly. Certain drugs and medicines, considered poisonous or dangerous, whether or not made up ready for treatment, must be marked accordingly. The lettering and working of the label must follow a prescribed form, according to the chemicals or ingredients of the drug or medicines.

Marking:— Markings as to quantity, measure, weight, gage, etc., if placed on goods or containers, must be accurate. If inaccuracies are noted, these marks must be corrected under penalty. The same is true in regard to trade descriptions and to any statements as to component material or purity of the product which may ap-

pear upon goods. Cotton and woolen yard goods must be correctly and conspicuously marked to show the length in standard yards or fractions. If in cut pieces, the number of pieces as well as the yardage should be shown, as "40 yards/3 pieces" or "40 yds., 3 pieces." The word "yards" or "yds." should follow the numerals. The marking must be in a color different from that of the goods and may not be stamped on the inner fold of the goods, but must be on the fabric itself, not removable except by washing. If the goods are not ordinarily washable, the marking must be of a nature not likely to be obliterated by ordinary handling before reaching the purchaser. Stitched-on marking that can readily be removed by cutting is not acceptable. It may, however, be on a piece of the cloth partly detached without being entirely severed. These regulations are very strictly enforced. Penalties for non-observance are: Detention by the customs until satisfactorily stamped, a fine, or confiscation. Importers in Pakistan are subjected to long delays in the receipt of improperly marked shipments as well as the costs of the proper marking and they in turn may endeavor to bill the exporter for the costs, as well as claim for losses arising out of such delays.

Packing:— Shippers cannot give too much attention to packing for destinations in Pakistan. Dampness, excessive heat, exposure to sun and rain on wharves, sweating in holds of vessels, and attacks by insects and fungus growths are some of the conditions to which shipments are exposed. Waterproofing is absolutely necessary and zinc or tin lined cases are strongly recommended in order to deliver the merchandise in acceptable condition. The use of tarpaulin for bales is undesirable because it contains fat and, like tarred paper, melts in transit through and in tropical regions. Such goods as machinery, which during rail transport may pass through desert regions, require greaseproof paper in addition to other packing. Sand and dust penetrate most ordinary coverings in Pakistan. The atmosphere in some parts of the country is so humid that extra slushing is required for machinery to prevent corrosion. Precautions must be taken against deterioration in storage. The variety of insect life, too, calls for extra care in packing. This applies not only to foodstuffs but to wood, leather, and other, apparently inedible, substances. Packages should be of medium size when the goods are going to the smaller ports or the interior of the country. However, packages should not be made smaller than necessary, for there are a number of small handling charges which total over 1 rupee per package and would amount to a considerable sum on a number of small packages. Mixed packages are acceptable, provided each article is listed on all shipping documents.

Advance Rulings on Customs Classification

When goods are not definitely classified in the tariff, a decision as to the probable classification may be obtained by submitting to the customs a full description of the goods, accompanied, in most cases, by a sample, with a request for a ruling as to the item of the tariff under which it would fall. Such rulings are not binding, but are of a tentative nature only, subject to revision on actual importation of the goods. The request may be made by either the importer or the exporter.

Import Restrictions and Controls

All imports are at present subject to license in Pakistan, but an extensive list of goods may be imported from the sterling area under open general license. Exchange is rigidly controlled but is available for permitted imports. The issuance of an import license automatically releases the foreign exchange to make payment for the goods. As import licenses frequently are not readily granted for goods from outside the sterling area, exporters, before making shipment, should assure themselves that their customers in Pakistan have obtained an appropriate import license. Goods not covered by a valid import license may be refused entry.

Antidumping Provisions:— The antidumping measure of 1933, enacted to run through March 32, 1935, expired at that time and has not been reenacted or continued in effect.

Special Regulations:— The usual restrictions imposed in the interest of public welfare are in effect in Pakistan. Shipments of arms, ammunition, implements of war (including major airplane parts), helium, tin plate, gold, and narcotics require special treatment.

Duties and Taxes

Most imports are subject to ad valorem rates of duty. On many goods the value to be used as a basis for duty is fixed annually by the Government. Where no official values are fixed, ad valorem duties are based on the "real" or wholesale cash price of goods of like kind and quality at the port of entry, less trade discount and import duty payable. When such price is not ascertainable, the c.i.f. value of the goods at port of entry, plus landing charges is taken for the purpose of assessing duties.

Preferential rates of duty are provided on selected commodities from the United Kingdom, the British colonies, and Burma.

When duty is levied by weight, net weight is used. The English hundred-weight or "cwt". (112 pounds), the imperial gallon or "Imp. gal." (1.2 U.S. gallons), and the long ton (2,240 pounds) are standard units of weight and measure in Pakistan.

There are no customs surtaxes except minor port charges, river dues, and tolls. Sales taxes are levied on a

small number of items in several Provinces. There is no national sales tax at present, although the establishment of such a levy is under consideration by the Government. An excise tax is levied on the following items: Kerosene, matches, mechanical lighters, motor spirit, salt, silver, steel ingots, sugar, tobacco, vegetable product, betel nuts, coffee, tea, coke, copra, certain vegetable oils, liquors, opium, and alcoholic medicinal and toilet preparations.

Entry, Transit, and Warehousing

Entry:— Almost all sea-borne imports into Pakistan come in through the two major ports: Karachi and Chittagong. Where goods are landed from the importing vessel, the importer is required to make an entry of his goods by presenting, in duplicate, a bill of entry, in which he must state the real value, quantity, and description of the goods to the best of his knowledge and belief, with a signed declaration at the foot of the bill as to the truth of the statements. In case of doubt the collector of customs may require the presentation of invoices, brokers' notes, insurance policies, or any other document whereby the real value, quantity, or description of the goods may be ascertained. If, however, the importer makes a written declaration to the effect that he is unable, from want of full information, to state the real contents or value of any case, package, or parcel of goods, he may be permitted, prior to making entry, to open the packages and examine the contents in the presence of a customs officer or to deposit the goods in a public warehouse without warehousing them, pending the arrival of documents from which the declaration may be made. If upon examination the real value is found to be as stated on the bill of entry, the duties are assessed on the basis of the entry. If to the contrary, the goods are detained and notice is given to the importer with a statement of the value as estimated by the customs. The customs collector then determines whether the duties shall be charged on the value as entered or the goods be retained for the use of the Government and the importer compensated for his goods on the basis of his declaration. If the collector has reason to believe that the error in declaration was solely the result of accident or was unintentional, he may permit the importer of the goods, upon his application, to make an amended entry correcting the error and pay the excess in duty on such terms as the collector may determine. If the importer contends that the value of the goods has deteriorated prior to delivery of the bill of entry, and his contention is sustained, the amount of the duties may be reduced accordingly.

Goods must be landed within the period specified on the bill of lading or within the number of working days (not to exceed 15) after the entry of the vessel in port. The customs collec-

gives a receipt for them. After the goods have been duly entered and the duties assessed, the importer must either clear them for consumption or warehouse them. Goods not entered and cleared for consumption or warehoused within 4 months from the date of entry of the vessel may, after due notice to the importer, if his address can be ascertained, and after publication in the Official Gazette, be sold at public auction and the proceeds applied, first, to the freight, primage, and general overage charges, if such charges are due, and then to the payment of the duties leviable, if the goods had been declared for consumption, and other customs charges to which they may be subject. Any surplus, after these charges have been met, is paid to the importer of the goods, provided he makes application for it within 1 year from the sale of the goods, or shows sufficient cause for not having made application within that period. Perishable goods may be sold under the same procedure at any time the customs collector may direct. When such duties and charges as are assessable have been paid, the customs officer issues an order clearing the goods, which is sufficient authority for their removal by the importer.

Transit:— Goods entered in the important ports for transshipment to some other customs or foreign port may, under permit, be transhipped without payment of duty and without security or bond for the arrival and entry of the goods at the port of destination. In the other ports, dutiable goods so transhipped must be covered by a bond with such security as may be required (equal at least to the amount of the duties due), guaranteeing arrival and entry at the port of destination. There is no charge for the service of the customs officer who is deputed to supervise the transfer of the goods from one vessel to another. Transshipment fees as determined from time to time by the chief customs authority are levied against each bale or package, or according to weight, measurement, quantity, or number. These fees vary with the merchandise and the port of entry.

Dutiable goods may not be transhipped to the following ports in Indian States: Jakhavu, Kotesghar, Lakhpur, Mandvi, Mundra, Rohar, and Tuna; nor to Diu in Portuguese India. When petroleum is transhipped from one customs port to another, the duty must be paid.

Warehousing:— When application is made for warehousing goods that have been duly entered and the duties assessed, the importer must give bond, binding himself under penalty of twice the duty on the goods, to pay, on demand, all duties, rents, and other charges claimable on the goods and any penalties incurred, together with interest (not over 6 percent) from date of the demand. One bond cannot apply to imports brought in more than

one vessel. The goods are given a pass which identifies them and entitles them to storage in the warehouse specified on the pass. If the goods, as tallied in, correspond to the entries on the pass, they are admitted to the warehouse and certified on the pass which is then returned to the customs collector. If not, they are returned to the customhouse under escort or held for instruction. Goods are required to be warehoused in original packages or containers in which they were imported.

The port trust company in each port owns most, if not all, of the public and bonded warehouses and sheds. These port trusts provide ample warehouse facilities of all kinds for storage of goods before and after payment of duties. The trust is administered either by port trustees or by port commissioners.

So long as nonduty-paid goods remain in a warehouse, the customs collector may, at any time, by a written order, direct that the packages be opened, weighed, or otherwise examined, after which they may be closed or marked in such manner as he sees fit, and may not be opened again without permission from the collector of customs. Importers of goods may, under customs supervision, have access to goods after a written application for permission. The importer must pay a fee for this supervision by the customs official. Goods may be left in a warehouse without payment of duties for a period of 3 years from the date on which bond was given. At the expiration of that time, goods must either be cleared for consumption and duties and other charges paid, or be reexported from the country. The goods may, with customs permission, be moved under bond from one warehouse to another, either by sea or by inland-carriage. Warehoused goods may also be shipped from the country without payment of duty, if reexported within 3 years from date of the bond. All rents, penalties, interests, and other charges (except duty) must first be paid.

When goods subject to ad valorem duties are accidentally and unavoidably damaged after they have been cleared for consumption, they may be reassessed according to their actual value, and a new bond executed for the unexpired period of warehousing, if the importers so desire. Goods are also reassessed when any change is made in the duty during the time the goods are stored in bond. There is no deduction allowed in duties on deteriorated merchandise when the products in question are wine, beer or spirits, or goods dutiable at other than ad valorem rates, except when they have deteriorated more than one-tenth of their value before delivery of the bill of entry. In that case, if the importer prefers, duties may be assessed upon their value at the time of entry. When goods are taken from warehouses in contravention to the

regulations, if they are lost or destroyed, except by unavoidable accident or by being destroyed under permit of the customs, or if samples have been taken without payment of duty, the collector may demand payment of the full amount of the duty, rent, penalties, interest, and other charges, accrued against the goods. If the importer fails to pay the sum demanded of him, the collector may proceed upon the bond which has been given, or cause such portion of the goods as he sees fit to be detained to secure the recovery of the charges. If the demand is not met within 10 days from the date of detention, the goods may be sold at public auction after notification of the importer and publication in the Official Gazette. Any surplus is awarded to the importer, provided he presents a written claim thereto within 1 year after the sale, or that good and sufficient cause is shown for not making application within the time allowed. Transfer or assignment of the goods does not change the Government's rights in such matters. If any part or parts of the goods be taken out of the warehouse, full particulars of their removal must be noted on the register. If goods are proved to have been unavoidably lost or destroyed, the chief customs authority may, in his discretion, remit the duties due on them, provided that when any such goods are lost or destroyed in a private warehouse, notice is given the collector within 48 hours after discovery of such loss or destruction.

The warehouse authorities are responsible for the safety of goods while in their custody (except when being taken into or out of the warehouse) and are liable for loss or damage if it is proved that such loss or damage was occasioned by the willful act or negligence of a warehouse keeper or of a customs officer. If necessary, deductions for waste or ullage are allowed for wine, spirits, beer, and salt, varying with the length of time they have been stored. All charges against imported goods are for the account of the importer or owner of the merchandise.

If duties are short-levied or over-refunded through any cause whatever, whether it be the fault of the importer, of the shipper of the goods, or of the customs officials, the person chargeable with the duty or to whom erroneous refunds have been made is held responsible for the deficiency or excess in refund, provided demand by the Government for reimbursement is made within 3 months from first assessment or refund. In contrary circumstances, when overcharges or short refunds are made for any cause whatever, no claim for reimbursement to the importer will be entertained unless presented within 3 months from the date of such payment. If the standing of the importing firm warrants, the customs may permit accounts to be settled periodically, at intervals of not

over 1 month, provided a deposit or bond is furnished sufficient, in the opinion of the collector, to cover the probable account of the importer at any time.

The customs collector may give a permit for any importer of warehoused goods to make alterations therein as may be necessary for their preservation, sale, shipment, or disposal. The goods may be repacked in the packages in which they were imported, or in such other packages as the collector permits. Samples of goods may be taken without payment of duty until the shipment is cleared as a whole. Wines, beers, and spirits may also be bottled off from casks, mixed and transferred from one cask to another. After any goods have been separated and repacked in approved manner, the collector may, at the request of the importer, cause or permit to be destroyed any refuse, damaged, or surplus goods remaining after separation and repacking, or such as may not be worth the duty, and may remit the duties payable on such destroyed merchandise.

Free Ports or Zones

There are no free ports or free trade zones in Pakistan.

Abandoned and Reexported Goods

When the importer of goods warehoused for over 3 years does not claim them and pay the duties, after notification by the customs, or if he does not enter them for consumption, warehousing, transit, or reexportation within 4 months after the date of the entry of the vessel, the shipment is considered as abandoned, and after notification to the importer and due notice in the Official Gazette, is sold at public auction. The procedure is as already outlined under the section on Entry, Transit, and Warehousing.

Reexportation—Refund of Duty

Goods, whether declared for consumption or for warehousing, may be reexported at any time without payment of duty by presenting a shipping bill in duplicate and obtaining a permit for shipment. When goods on which duties have been paid at time of importation are reexported by sea to any foreign port or as ship's stores or provisions, the importer may obtain a refund of seven-eighths of the duties paid, provided that the goods be identified to the satisfaction of the collector, and that reexportation take place within 2 years from the date of importation as shown by the customs records, or within such extended term as the chief customs authority may see fit to grant. If the goods have been transferred in the meantime to another customs port, the refund is allowed as if reexported from the first port of importation. In such cases, the goods must be identified by the customs officials at the port of final reexportation, and reexportation must take place within 3 years from date of first importation of the merchandise. In all cases, the claim

must be made at the time of reexportation. The refund is never made before the ship carrying the goods has put out to sea, or unless demand for payment is made within 6 months after the entry for reexportation. Draw-back of the whole duty on wheat is obtainable when it is imported by a miller engaged in milling for export; also conditionally on used, durable, empty containers, exported full within 3 years, and on drums and similar containers imported full, having been exported empty without draw-back.

Penalties and Disputes

If anyone imports, or attempts to import, goods the importation of which into Pakistan is prohibited, or if such goods are found concealed in a package with other goods, they are liable to confiscation and the person concerned may be penalized by a fine not exceeding three times the value of the goods or not exceeding 1,000 rupees. Goods upon which drawback has been paid, and found not to have been shipped, or to have been unshipped or rebanded, are subject to confiscation, together with any vessel used in unshipping or relanding them, and the master of the vessel or other person in authority who aids in the operation is subject to fine as above. Goods on which refund is claimed in greater amount than their value are subject to confiscation. If goods are found to differ widely from the description given in the bill of entry, or if the contents have been wrongly described in that document in regard to denomination, sort, quality, quantity, or value, or if goods of a kind other than that called for in the bill of entry are found concealed among or mixed with those specified thereon, or have apparently been packed so as to deceive the customs officials, the packages and goods contained therein are liable to confiscation, and every person concerned in the offense is liable to a fine not to exceed 1,000 rupees. Goods warehoused illegally or in violation of the warehousing regulations are liable to confiscation and fine as given above. Goods found in a warehouse in excess of those registered there are subject to a fine of five times the ordinary duty on the excess products. Importers of goods may have an option on paying such fines as the officer thinks fit, in lieu of the confiscation of their goods.

Appeals and Claims

Any person aggrieved by a decision or order passed by the customs under the "Sea Customs Act" may within 3 months from the date of the order or decision appeal to the chief customs authority, or in such cases as the Governor General in Council may direct, to a customs officer of higher rank. That official, after further consideration confirms, alters, or annuls the previous decision, but cannot increase any penalty adjudged in the original decision or order. No further appeal is then allowed, the finding being considered as final. Pending the results of

BACKGROUND INFORMATION ON THE PHILIPPINE REPUBLIC

Population

According to the latest census (October 1, 1948) taken by the Bureau of the Census and Statistics, the present population of the Philippines is 19,234,182, as compared with 7,635,426 in 1903; 10,314,810 in 1918; and 16,000,303 in 1939. Christian Filipinos of Malay extraction constitute over 95 per cent of the total population. The Moros, numbering approximately 475,000 and professing the Mohammedan religion, are concentrated chiefly in Mindanao and Sulu Islands. The Pagans constitute only a small minority of the entire population.

The foreign population of the country consists mostly of Chinese and other Asiatics, Europeans, and Americans. The Europeans are largely Spanish and English.

Languages

English and Spanish are the two foreign languages universally used in the country. The Philippines today is the third largest English speaking nation of the world. Of the native tongues, Tagalog (now the basic national language of the Filipinos), Ilocano, Visayan and Bicol are the most widely spoken, while the non-Christians speak different dialects.

Education

Besides the state-owned University of the Philippines, there are at present thirteen private universities of recognized standing—University of Santo Tomas, Far Eastern University, University of Manila, National University, Manila Central University, Centro Escolar University, Philippine Women's University, Arellano University and Adamson University, all located in Manila; the Silliman University in Dumaguete, Negros Oriental; and the San Carlos University, the University of Southern Philippines, and the University of the Visayas, all located in Cebu City. There are junior colleges in other cities and towns. These institutions of learning compare favorably with institutions of the same category in other countries.

The University of Santo Tomas was founded as early as 1611. The remarkably efficient public school system, established in the country at the beginning of American occupation in 1898, has advanced steadily, and English is now spoken in every nook and corner of the Philippines. The school population for 1948-49 has been estimated at 4,367,740, of which 3,896,952 were enrolled in public schools, and 470,788 in private schools.

Religion

The Philippines is at present the only Christian country in the Orient. There are four major religions: Roman Catholic, Protestantism, Agli-

payanism (Philippine Independent Church), and Mohammedanism. Protestantism came with American occupation, and spread its gospel in many parts of the Islands.

Historical Background

Ferdinand Magellan and his navigators, tracing a westerly route to the Spice Islands, landed in the Philippines on March 16, 1521, and claimed it for Spain. Colonization work, however, was not begun until 1565, when Legaspi took possession of the Philippines. He became the first civil governor of the Philippines. The Spaniards ruled the Philippines until 1898, or for a period of 370 years.

After the Spanish-American War in 1898, the Philippines was ceded to the United States by virtue of the Treaty of Paris of December 10, 1898. This was protested by the Filipinos who were the allies of the American at first. When the protest went unheeded, the Filipinos for over two years, fought against superior American forces. In the meantime the Filipinos inaugurated the Malolos Revolutionary Congress on September 15, 1898, and proclaimed the Philippine Republic on January 23, 1899 with Emilio Aguinaldo as President. The fight was uneven and the Filipinos were vanquished. Thus was begun American sovereignty which proved from the very beginning benevolent and progressive.

The Commonwealth Government was established on November 15, 1935, with Manuel L. Quezon and Sergio Osmena as President and Vice-President, respectively. It went into exile in America upon the capture of Manila by Japanese forces on January 2, 1942, only to return three years afterwards with the triumph of General of the Army Douglas MacArthur and his gallant forces, aided by hundreds of thousands of Filipino guerrillas. The Commonwealth Government was restored on February 27, 1945, when Manila was finally liberated. On July 5, 1945, General MacArthur proclaimed the end of the campaign for the liberation of the Philippines.

On July 4, 1946, the independence of the Philippines was proclaimed and Manuel Roxas and Elpidio Quirino were inaugurated as President and Vice-President, respectively. Thus after four centuries of alien rule, the Philippines emerged as the first emancipated democracy in the world after World War II.

Government

The Government of the Philippines is republican in form, of the presidential type, and is based on the principle of the separation of powers. The executive power is vested in a President, the legislative power in a Congress composed of the Senate and House of Representatives, and judicial power in a Supreme Court and inferior courts.

The executive departments are: Foreign Affairs, Interior, Finance, Justice, Agriculture and Natural Resources, Public Works and Communications, Education, National Defense, Labor, Health, and Commerce and Industry. The heads of these departments are called Secretaries and they are members of the Cabinet. Together with the President of the Senate and the Speaker of the House of Representatives and prominent Filipinos appointed by the President, they form the Council of State, the highest advisory body of the land.

The legislative power is vested in the Congress of the Philippines, composed of two chambers—the Senate with 24 members elected at large by the direct vote of the qualified voters, and the House of Representatives with 100 members elected from the 100 Congressional Districts into which the Philippines is presently divided.

The judicial power is lodged in the justices of the Supreme Court, justices of the Court of Appeals, judges of the Courts of First Instance, justices of the peace courts, and judges of the municipal courts of chartered cities, all of whom

are appointed by the President. The Supreme Court consists of a Chief Justice and ten Associate Justices. The Court of Appeals is composed of a Presiding Justice and fourteen Associate Justices.

The Philippines is divided into provinces and these in turn are divided into municipalities. The governing body of the provincial government is the Provincial Board, composed of the Provincial Governor and two members who are elected by the people of the province. The municipal council is the legislative body in a municipality, consisting of the municipal mayor, vice-mayor, and councilors who are also elected by the people of the municipality. The governing body of a chartered city is composed of a mayor and councilors. The Mayor is appointed by the President, while the councilors are either elected or appointed, depending upon the provisions of the city charters.

Foreign Relations

As an independent country, the Republic of the Philippines has the "actual and implied" recognition of seventy-one (71) nations and is participating in international organizations functioning under the United Nations. It has established an embassy in Washington, D. C., legations in London, Madrid, Rome, Nanking (closed), Buenos Aires, Bangkok, Djakarta and Sydney; consulates general in New York City, San Francisco, Honolulu, and Calcutta, and consulates in Chicago, Los Angeles, New Orleans, Seattle, Hongkong, and Guam. It has a permanent delegate to the United Nations Organization in New York City. It has also missions in Korea and Japan. It may also be mentioned in this connection that Ambassador Carlos P. Romulo, Philippines' chief delegate to the UN was elected last year president of the General Assembly of that international body, thus becoming its fourth president.

The Philippines became the seat of four important international conferences in 1947, 1948 and 1950. The second session of the Economic Commission for Asia and the Far East (ECAFE) was held in Baguio, the summer capital of the Philippines, from November 24 to December 6, 1947. The Food and Agriculture Organization (FAO) also held its sessions in the same city from February 23 to March 16, 1948. A conference of international significance was that of the Junior Chamber of Commerce International (JAYCEES), which was held in Manila from March 1 to 8, 1950. The Baguio Conference of 1950 which was participated in by seven nations in Southeast and Western Pacific, including the Philippines, was held in Baguio during the latter part of May, 1950.

the appeal, the appellant is required to deposit with the port collector of customs the amount of money involved, which is returned to the importer of the goods in part or in whole if the original judgment is not sustained. The chief customs authority, when considering the circumstances under which any penalty, increased rate of duty, or confiscation of goods has been adjudged may, if he thinks the order or decision too severe or unjust, remit the same or any portion thereof, or may, with the consent of the importer, commute the order of confiscation to a fine not exceeding the value of the goods. Goods may not be removed by the importer until any fine or penalty against them has been settled in full. When fines are unpaid, the customs may sell the goods in order to recompense the Treasury for the amount due.

TRADE BETWEEN MALAYA & INDONESIA

A brief study of the most recent statistics of trade with Indonesia reveals the recent rapid acceleration of the booming entrepot trade between Malaya and the Republic of Indonesia. Total Imports from Indonesia in 1950 recorded an increase of 142 per cent in value over the corresponding figures for 1949, whereas total Exports to Indonesia showed a corresponding but less spectacular rise of 85 per cent for the same period.

Satisfactory as such a state of affairs undoubtedly was, the figures for January and February, 1951, show an even greater increase over the same two months in 1950 of 342 per cent for Imports and 224 per cent for Exports.

The individual figures are set out in the accompanying table.

The outstanding feature of these figures from the viewpoint of general entrepot trade is the development of trade with Java and Sumatra. In the case of the former, the total value of imports for the two months of January and February,

1951, is only slightly less than the value of total imports in 1949; while total exports for the same two months are more than two and a half times the value for the whole of 1949.

Since the export trade to Indonesia is of interest to a larger number of companies in Malaya an attempt has been made to show where the main increases in trade have occurred by comparing that for February, 1951, with the corresponding month in 1950.

The headings in the final table are sufficiently comprehensive to give a good idea of the types of articles in which the main increases have occurred, except perhaps the item of 'other food and drink, non-dutiable.' The main increase here is accounted for by the increased exports of cloves mainly to Java.

These figures are but a reflection of the present financial buoyancy of the new but thriving Republic of Indonesia which can work nothing but good for the whole of South East Asia.

MALAYAN IMPORTS FROM INDONESIA

(Thousand Malaysian Dollars)

Excluding: Parcel Post Bullion and Specie Ships Stores and Bunkers. Source: I. and E. 11, Department of Statistics

	Total 1949	1950		1951	
		Jan.	Feb.	Jan.	Feb.
Bali and Lombok	959	26	151	3,805	189
Banka and Billiton ..	8,978	875	834	18,637	3,480
Borneo	15,721	2,182	1,528	83,374	18,052
Celebes and Moluccas ..	7,425	160	185	1,785	72
Java	25,829	2,934	1,811	62,769	10,096
Rhoiow	25,782	4,206	3,301	39,433	4,272
Sumatra	222,389	19,497	22,255	551,443	106,144
Other Islands	7,350	1,030	640	9,032	1,248
Total	317,434	30,909	29,655	773,779	143,548
			60,564		133,413
					276,901

MALAYAN EXPORTS TO INDONESIA

(Thousand Malaysian Dollars)

Bali and Lombok	1,970	—	—	104	—	13
Banka and Billiton ..	1,473	232	147	2,191	1,489	371
Borneo	8,114	646	715	14,469	1,522	1,959
Celebes and Moluccas ..	798	25	28	388	2	136
Java	18,363	998	1,174	75,472	20,907	27,458
Rhoiow	45,110	7,228	7,535	72,945	6,809	5,473
Sumatra	59,538	3,898	3,787	86,239	9,786	12,051
Other Islands	3,314	609	361	5,379	455	474
Total	138,670	13,635	13,747	256,989	40,920	47,935
			27,382			58,855

MALAYAN EXPORT TRADE TO INDONESIA SHOWING MORE IMPORTANT INCREASES AND DECREASES BY COMMODITY GROUPS BETWEEN THE MONTH OF FEBRUARY, 1951 AND FEBRUARY, 1950

(Thousand Malaysian Dollars)

	Cotton Yarns & Manufactures	Other Food and Drink Non-Dutiable	Grain and Flour	Vehicles	and Manufactures Iron and Steel for Animals	Miscellaneous Articles Wholly or Mainly Manufactured	Feeding Stuffs	Earthenware Glass and Abratives	Drink Dutiable and Tobacco	Apparel
Banka and Billiton ..	247	543	120	..	124	100	..	78	..	..
Borneo ..	11	16	..	24	..	..	..	..	..	..
Celebes and Moluccas ..	..	6,714	..	585	256	378	630	..	..	..
Java ..	14,224	419	277	..	..	..	..	..	..	282
Rhoiow and Lingga ..	3,544	..	..	..	..	..	..	..	..	..
Sumatra ..	1,727	1,108	965	591	603	478	309	499	544	240
Total ..	12,665	8,795	1,362	1,200	983	956	939	822	544	522

SILK-WEAVING INDUSTRY OF SHANGHAI IN 1950

The silk-weaving industry has a history of more than 4,000 years in China. When modern weaving machines were imported into China from abroad in the early part of the twentieth century, silk-weaving circles adopted them one after the other. From that time on, the silk-weaving industry took on a new aspect. It was not until the outbreak of the First World War that industry and commerce could develop on a large-scale in China. The silk-weaving industry then enjoyed prosperity. In 1936, Shanghai alone had 7,200 power-driven machines, 420 silk-weaving mills whose normal annual output was 1,200,000 bolts of silk piece goods with the maximum output hitting the mark of 1,700,000 bolts, and there were some 20,000 workers and administrative personnel. Before the outbreak of the Sino-Japanese War, silk piecegoods took the third place among exports in spite of Japanese competition. During the war, the Japanese set up the Central China Company in Shanghai to monopolize the market. Due to currency depreciation after VJ Day most of the silk-weaving mills were in a semi-paralyzed condition on the eve of the Communist take-over of Shanghai.

Due to the purchases of finished products by the Communist Trade General Corporation in the early days of "liberation," the number of silk-weaving mills in operation at one time reached over 70 per cent of the total. Beginning from July, local silk mills suspended operation one after the other. It was not until after August 15 when the China Silk Corporation made an allocation of raw materials that this situation was halted. Subsequently, the government undertook to readjust public and private relations. Apart from allocating raw materials, the China Silk Corporation employed various methods to foster the distressed silk-weaving industry including distribution of processing orders and purchases of finished products.

The silk-weaving industry was again plunged into the whirlpool of difficulties following the February air raid by the KMT air force. With the exception of a number of far-sighted factories which desired to continue production, 95 per cent of the total number of silk-weaving mills applied for liquidation. Workers who were thinking that a new era had arrived and that they could take over, just as they had seen in the political field, had eventually to come to terms with the owners of the mills and on govt pressure new arrangements for capital-labour cooperation were drawn up. At the same time, the communist govt fearing to lose the hardly gained support of the

workers, was compelled to support the industry by buying from the mills. Thus a collapse was avoided but hardship was general.

Up to the end of October, the trade guild of the industry had a total membership of 327 plants, the number of factories in operation was 257 and the number of weaving machines in production was 2,669 representing 52 percent of the total. The total output was 34,080 bolts of silk and 14,343 bed covers. The output of cotton-woven goods including khaki and venetians occupied 50 percent of the total output, and the total sales occupied 90 percent of the total output. Further improvements in production and marketing conditions of the silk weaving industry were reported during November. The total guild membership was further increased by 16 factories in November compared with October, to 342. The total number of silk mills in operation was 279 (of which 87 were in full production), also showing an increase of 22 factories over the October figure. The total number of weaving machines in operation was 2,893 showing an increase of 194 compared with October. The total output of the whole month of November consisted of 38,931.5 bolts of silk and 11,968 bed covers. With the exception of the output of bed covers which showed a cut of 2,375 pieces compared with October, the output of silk piecegoods registered an increase of 4,852 bolts or 14.24 percent. As regards sales, apart from the 4,824 bolts which were processed on behalf of the China Silk Corporation, 31,295 bolts of silk piecegoods and 18,834 bed covers were sold during the whole month including 22,206 bolts of silk and 14,576 bed covers which were sold locally. 8,444 bolts of silk and 3,818 bed-covers sold in outports and 646 bolts of silk and 440 bed covers exported to foreign countries.

Regarding the readjustment of the relations between public and private enterprises, reference may be made to the distribution of processing contracts and the allocation of raw silk by the China Silk Corporation. Processing contracts of the China Silk Corporation were entrusted to 158 silk weaving mills in Shanghai and Chekiang to produce more than 15,000 bolts of silk piecegoods for export, during the period from July 1949 to May 1950 thereby keeping 1,000 odd weaving machines busy. However, a number of silk weaving plants failed to deliver their share of silk piecegoods on schedule. This compelled the China Silk Corporation to adopt the method of exchanging silk piecegoods for raw silk in Shanghai instead of continuing the old practice of supplying raw silk to silk mills on credit. For instance, the China Silk Corporation signed contracts with 61 private silk-weaving mills last winter for processing 10,763 bolts of silk piecegoods. The great majority of the contracting mills have set up labour-capital consultative council and pooled resources to form combines for planned production. Through processing work, not only the relations between public and private enterprises were improved but also the business operation of private silk mills was rationalized. The merits of the system of bartering silk piecegoods for raw silk may be enumerated as follows:—

1. Formerly, if one silk weaving mill produced several kinds of silks, it was required to participate in different sections for doing processing work. Now silk mills are spared this trouble as factories are taken as units.
2. Formerly the quota as well as the kind of goods allotted for processing did not meet the actual conditions of the various silk-weaving mills. Now, the method of voluntary declaration that is subject to democratic appraisal, is adopted. This rectified the past defect of either distributing processing quota to factories in excess of their ability to fulfil, which in some cases transferred a part of their share to other plants, or allotting too little.
3. Formerly, the time limit for fulfilling the processing contracts was one month, which was considered too brief. Factories' doubt whether they could complete their processing contracts in

WOOLLEN MANUFACTURING INDUSTRY OF SHANGHAI IN 1950

Shanghai's woollen mills enjoyed, before the communists took over the city, considerable prosperity. Much of their business was of course due to the inflation economy pursued in China. But when the new regime entered conditions, contrary to hopes entertained by many of the mill owners and of course the workers, deteriorated until a collapse threatened. Only after many reforms had been introduced and the general economy had returned to some state of normalcy did mill operations improve.

Australian wool was restricted from import after "liberation." As the mills had only weaving machines since they used woollen yarn from Australia as raw material; they lacked spinning machines to produce their own woollen yarn with native wool. For a time, the woollen textile industry was confronted with the serious raw materials problem. The industry suffered from dull sales being in a pitiful plight after

"liberation." With the exception of February and May, the output of woollen cloths of this industry from January to October always exceeded sales. During the ten months, the industry had a total quantity of 266,112 yards of accumulated finished goods, and at the end of October it had a total 881,328 yards of woollen cloth stock in hand, representing 74 percent of the total output from January to October. The output of woollen yarns during the ten months with the exception of August also exceeded sales. A total of 290,499 lbs. of woollen yarns accumulated from January to October, and the total stocks of woollen yarns at the end of October were 541,485 lbs., occupying 46 percent of the total output during the ten months. A list of the production and marketing conditions of this industry from January to October, this year, (in yards) is given below:—

Month (1949)	Woollen Cloth Output	Woollen Cloth Sales	Woollen Yarn Output	Woollen Yarn Sales	Camel Wool Output	Camel Wool Sales	Worsted Cloths Output	Worsted Cloths Sales
Jan./May	805,745	444,574	1,210,612	796,666	71,915	52,968	6,550	1,266
June/Dec.	998,969	780,502	1,529,682	648,389	325,436	321,331	22,456	21,217
Jan., 1950	144,739	124,116	148,993	106,488	44,313	47,150	2,667	3,577
Feb. "	49,258	58,238	71,247	64,965	3,928	5,232	1,280	1,876
March "	107,076	80,972	115,941	108,984	1,428	774	—	76
April "	88,645	80,169	130,095	79,194	776	3,885	—	275
May "	112,595	166,036	146,348	104,217	369	3,949	499	2,034
June "	119,044	88,463	131,204	41,392	6,877	9,678	867	4,711
July "	114,818	53,213	112,360	108,780	19,067	12,551	2,495	2,553
Aug. "	150,689	62,846	82,202	124,348	41,099	33,650	7,342	4,691
Sept. "	139,533	69,863	129,544	88,932	78,489	69,711	10,561	11,515
Oct. "	159,168	135,527	103,737	44,380	85,393	60,244	12,019	7,153

February, March and April were the most difficult months for the Shanghai woollen manufacturing industry. Due to the question of power supply, the output and sales during February dropped sharply. In March and April, various local industries suffered from depression, and the woollen manufacturing industry could be no exception to the rule. On May 23, the local woollen textile industry made important resolutions regarding production and sales and taxation, and a demand for government processing orders, in the first conference of the textile industry in the East China District. Later, the All-China Woollen and Hemp Textile Conference held in Peking from June 1 to 9 further discussed such problems as raw materials supply, market for finished pro-

ducts, public and private relations, direction for production and how to overcome difficulties. The conference also drew up a draft resolution regarding the standard of operation for woollen textile mills, unifying the institution, name, wages, etc. of the industry, standardization of man-days and raw materials to be spent on a fixed quantity of products of standardized quality.

Subsequently, the People's Government gave what is always termed as help to the industry in the matter of raw materials, taxation and processing orders, which was instrumental in readjusting the public and private relations of the industry. On June 20th, the Government Administration Council promulgated an order restricting the export of wool, thereby ensuring the

time, affected their production work. With the period extended to three months each time, this situation has been improved.

With a view to giving due consideration to the difficulties of silk-weaving mills in obtaining circulating capital and to help them tide over the New Year, the China Silk Corporation has fixed in advance a total quantity of 34,642 bolts of silk piecegoods for processing for the first quarter of 1951, out of which Shanghai gets a share of 20,543 bolts (including two public-operated silk plants). This amount of processing work shows an increase of 2,000 odd bolts of silk piecegoods compared with last winter quarter. To solve the difficulty in weaving and to raise the quality of silk woven goods, the China Silk Corporation took the lead to carry out the decision of the East China Silk-weaving Technical Conference held on November 20, on the grading of raw materials by raising the existing raw silk two grades higher and by taking Grades B, C, D and E as standard. The whole season requires a total of around 1,500 piculs of flature silk and 500 odd cases of article silk. Silk mills that have by now completed their order for the winter season to the extent of 70 percent of the contracted quantity may apply for new contracts. Those

that have not yet reached that standard will have to make haste to deliver the required amount of products before they can expect a new contract.

Regarding the question of allocation of raw materials, as the "liberation" of Shanghai was just the time when spring cocoons appeared on the market in areas south of the Yangtze, the China Silk Corporation started purchases of cocoons and raw silk and entrusted private silk flatures to reel. Some 40 private silk mills in Shanghai benefited by the government aid. Beginning from September last year, the corporation further undertook to dump raw silk on the market and thus stabilized silk prices. With the aim of systematically supplying to silk weaving mills the kind of raw silk which is unsuitable for export, the China Silk Corporation formulated a set of measures for the allocation of flature silk for domestic consumption in June 1950. With a view to supplying an adequate quantity of raw materials to private silk mills, the China Silk Corporation recently made a special allocation of raw silk to them apart from regular monthly allocations, in order to enable every member of the silk weaving trade to buy any quantity of silk it needed. This step has resulted in the long stability of market prices.

REVIEW OF THE JAPANESE STOCK & SHARE MARKET

Japanese stock market movements during March baffled observers and professionals, as it continued to climb without letup. The market started to sag only in April after the unexpected strong tone it had shown consecutively since the New Year. But few observers expect any crash that would shake quotations down to the New Year level.

The market wound up 1950—a none too thriving year—with an average quotation of about 72 yen, then slowly but steadily recovered in January, and in February surpassed the 80 yen average mark. At that point most observers began to sense danger and warned against further buying as they expected a likely crash in March. These warnings proved wrong: the market continued to advance, and the average quotation rose to 96.83 yen on 16 March. After 19 March the market showed restraint and the average declined to 92.09 on 24 March. This still left it about 30 percent above the New Year level.

Comparative quotations of some representative issues show the gains registered during the past three months:

4 Jan. 16 Mar. 24 Mar.

Japan Optical			
Instruments	49	113	110
Yawata Steel	74	98	88
Fuji Steel	82	117	105
Kanebo	115	152	138
Nissinbo (Spinning)	255	385	368

	4 Jan.	16 Mar.	24 Mar.
Toyo Rayon	185	208	190
Sanyo Puly	235	306	300
Kirin Beer	175	238	221
Mitsukoshi Dept. Store	410	685	640

The causes behind these thriving market conditions are hard to analyze. Security company officials expressed surprise. General anticipation early this year was that tax pressure in March would dampen the market. But it didn't. Perhaps the most plausible explanation is that the stock market started to reflect the general commodity rise caused by the war. Some encouragement may also have come from the United Nations resumption of the initiative on the Korean front. Stability-minded officials may see in it another indication of the revival of inflation. As more substantial factors, one may point out that against expectation, insurance companies, which are the largest stock investors in Japan, failed to dispose of holdings. Security companies also acted prudently and did not dump their holdings for fast cash. They waited for the right chance to sell to big investors, who were in no hurry to take profits.

These factors are likely to contribute to further fluctuations of the stock market:—

Stock Market Influences In April

Unfavorable:	Favorable:
(a) Nearly 70 billion yen taxes are to be collected.	(a) Local election candidates will spend 10 to 12 billion yen.

of those woollen textile mills which had suspended production. However, due to various problems, including transportation of native wool, import of dyestuffs and the production technique of the various mills, the various processing factories could not complete the orders on schedule, and up to the end of November only about 150,000 yards of woollen serge were manufactured.

Towards the latter part of November, the East China Textile Administration entered into negotiations with local woollen manufacturing mills for the manufacture of one consignment of blankets. Contracts were signed in the early part of December. The amount of orders accepted by private woollen textile plants occupied around 60 percent of the total. The processing orders were to be completed by the end of December. As the terms for assigning these orders were more favourable than those for army uniforms, all woollen textile plants including those suspended ones participated in the processing work. The workers of both public and private woollen textile mills were evolving a production emulation drive.

However, in spite of various forms of assistance extended by the government to the woollen textile industry during the past one year, the market for its finished products was not as good as cotton yarn and cloths, as the standard of living of the people could not be raised. Therefore, the government policy on readjustment of the relations between public and private woollen textile plants was to enable private mills to maintain production as much as possible. Once the organizational structure and the method of operation have been thoroughly overhauled, the production efficiency raised and production cost lowered, and if the government can allot purchasing and processing orders in a planned way, the industry can overcome its difficulties and tide over the present period of serious crisis.

- | | |
|--|---|
| <p>(b) Higher interest charged by the Bank of Japan since 2 March will curtail commercial bank credits.</p> <p>(c) More funds will be diverted to speculative purchases of key commodities.</p> <p>(d) Capital increases are estimated at 3.5 billion yen.</p> | <p>(b) Government funds paid out at the end of the fiscal year will begin to reach general circulation in this month.</p> <p>(c) Korean War business may amount to 7 to 8 billion yen this month.</p> <p>(d) Exports during the month are expected to amount to some \$80 million.</p> <p>(e) Pending the elections, enforcement of economic controls will be postponed.</p> <p>(f) Commodity prices will continue to rise.</p> <p>(g) Definite steps are anticipated for gearing Japanese production to American war preparedness.</p> |
|--|---|

Weighing both factors, no deterioration in the business outlook is expected as even the tax pressure in March failed to shake quotations. "Peace Rumors" which dampened the tone in Wall Street had no similar effect in Tokyo. The Japanese generally consider that the rumored ceasefire at the 38th Parallel would assure more business in rehabilitation materials for Korea, whereas worldwide rearmament would never be halted because of a temporary truce in Korea.

Stock Market Influences For May

- | | |
|---|---|
| <p>Unfavorable:</p> <p>(a) The effect of the Bank of Japan's higher interest rates will become still more telling.</p> <p>(b) Commercial banks will further tighten credits.</p> <p>(c) Commodity prices will continue to rise, thus aggravating the money stringency.</p> <p>(d) Capital increases of five billion yen are slated for this month.</p> <p>(e) With the local election over, enforcement of a policy of reverting to economic controls becomes inevitable.</p> | <p>Favorable:</p> <p>(a) Export business will continue to thrive.</p> <p>(b) General production will rise.</p> <p>(c) Seven to eight billion yen of Korean business may be expected.</p> <p>(d) Tax collections will be wound up.</p> |
|---|---|

On balance, there is slightly more weight on the adverse side. Unless stock quotations already fall in April after almost three months of continuous rise, some decline, mainly due to an expected reshuffle of holdings, may be anticipated in May.

Stock Market Influences In June

- | | |
|--|---|
| <p>Unfavorable:</p> <p>(a) Economic controls will be widened and strengthened.</p> | <p>Favorable:</p> <p>(a) General production in Japan tends to increase in June.</p> |
|--|---|

supply of native wool and reducing the fluctuations of wool prices. Beginning from July, the taxation on 20 kinds of woollen textile goods was completely cancelled, and to simplify procedures, tax was imposed on woollen yarns only. The government further complied with merchants' request for refund of import duty on imported wool for manufacturing woollen textile goods for export. In addition, it also permitted the import of foreign wool on the condition that an equivalent amount of finished goods should be exported in return. In the field of processing work, the Central Ministry of Textile Industry decided to place an order for 936,800 yards of woollen cloths for army uniforms, of which 936,800 yards were allotted to Shanghai for processing. Out of these 936,800 yards, 629,000 yards were to be manufactured before November in Shanghai, including 240,000 yards of melton and 121,000 yards of serge for uniforms, by the public woollen textile mills with whom purchasing orders had been placed. 268,000 yards of serge for uniform were to be produced by 18 private woollen textile mills, including these Chang Hua (China), Cheng Feng and Hsieh Hsin woollen mills which had been given processing orders. The purchasing and processing contracts were signed on August 4. The entire quantity of raw material was to be supplied by the China Fur and Skin Corporation, while the requisite quantities, prices and brands of dyestuffs were to be fixed by the city's public and private woollen textile mills for import with government special approval. The cost of each yard of serge for uniforms was fixed at ¥81.712 including ¥6.243 for labour for spinning, ¥5.968 for weaving, ¥8.913 for dyeing and packing ¥5.960 for dyestuffs as well as other expenses for raw materials, commodity tax and other items of production. It was stipulated that the whole order was to be completed before November 10. This solved part of the difficulties

TIN SITUATION IN JAPAN

Generally speaking, Japan has been short of the supply of tin most of the time, and in the prewar period this shortage was covered by import from abroad. Though in the postwar period there has been a temporary excess supply of tin, the supply has steadily lessened by this time and it is apparent that there will be a shortage in the not distant future.

The purpose of this article is to study in detail the prewar and postwar trends of the demand and supply of tin in Japan and to forecast its future outlook.

Prewar and Wartime Trends of Domestic Demand and Supply

In the prewar and wartime periods the domestic output of tin was not sufficient to cover the domestic requirements, so that in the period before 1941 (fiscal year; the same hereinafter unless otherwise indicated) the greater part of the shortage had to be covered by import of metallic tin from abroad, and after 1941 a part had to be covered by import of concentrated tin.

During the period 1930-34, the average annual consumption of tin in this country amounted to 4,452 tons (metric tons; the same hereinafter). Since the average annual import of metallic tin during the same period amounted to 3,479 tons, the proportion of the import of metallic tin was about 80% of the total consumption of tin (see Table I).

- | | |
|---|---|
| (b) The policy of high interest will gather further momentum. | (b) Export orders will increase as the world wide rearmament is likely to continue. |
| (c) Unsatisfactory development of raw material import will gradually hamper production, for export and Korean business. | (c) Gearing of Japanese production to American war preparedness may get underway. |
| | (d) As time moves on, the prospect of a peace treaty becomes a more definite probability. |
| | (e) International allocations of key commodities will spur speculative stock buying. |

Considering only the more definite factors, favorable and unfavorable influences appear evenly balanced for this month. Materialization of some of the more indefinite favorable factors may turn the balance of the market in June. If there is encouraging news, more people may be tempted to buy stock and pull up prices. None of the cited factors could be termed definite and final. Any appraisal of the business outlook so far ahead has to be based on assumptions. Moreover, Japanese stock market movements have been known for years to take an unpredictable course. It can, however,

As shown in Table II, metallic tin was imported chiefly from Malaya and also from China, Hongkong and the Netherlands East Indies.

Thus during 1930-34 Japan depended on imports for about 80% of her peacetime tin requirements. Thereafter the import of tin steadily increased to meet the increased requirements for munitions production. Upon the outbreak of the Pacific War in 1941, Japan occupied the Netherlands East Indies and acquired about 39,000 tons of metallic tin in the years 1942-45. At the same time concentrated tin was imported from Thailand, French Indo-China and China (see Table III).

Though some tin was exported in the years before 1939, the amount was very negligible.

Turning to the domestic production of tin, we find from Table I that the average annual production during 1930-34 was 1,493 tons. Thereafter, as the result of efforts to develop domestic tin mines, tin production increased to 2,196 tons in 1937, but fell to 1,497 tons in 1939 and then recovered to 2,212 tons in 1941. A sharp decline took place thereafter and the quality of ore also steadily deteriorated. Thus, in spite of efforts to boost domestic production, the production of tin failed to show a steady increase, showing instead a sharp curve of increase and decrease, the reason for which can be found only in the paucity of the tin resources of this country.

be said that economic observers at least seem to agree that things are not likely to get worse barring the outbreak of World War III. Investment in certain Japanese stock could be considered as a comparatively safe risk. Examples are (with current average quotations:— Nissan Automotive 60, Toyota Automotive 56, (The Japanese automotive industry is known for its high cost and low efficiency of production. A Japanese version of the American army "jeep" is now being made at 1,500,000 yen, or about \$4,000, and a Japanese four ton truck cost the equivalent of \$3,000. On usual commercial terms, this Japanese industry cannot compete with foreign makers. But a rise in shares in this line could be expected when small investors turn to buying these issues on the assumption that this Japanese industry would profit from gearing of the American industry for war preparedness.) Japan Steel Pipe 70, Yawata Steel 88, Japan Light Metal 80, Japan Cement 87, Japan Optical 110, Japan Petroleum 67, Teikoku Petroleum 56, (Petroleum companies in Japan generally operate not well because of poor management and keen competition in the domestic market. Exceptionally, petroleum issues were not affected by the three-month rise of the market in general, but some quarters speculate on the possibility of an oil boom from rearmament).

The largest tin mine in Japan is the Akenobe Mine of the Taihei Mining Company, Ltd. (formerly the metal mining division of the Mitsubishi Mining Co., Ltd.). In the years before 1937 this mine used to account for 70% to 80% of the total tin ore production of this country. The ore was smelted at the Ikuno Smeltery and then refined into metallic tin at the company's Osaka Refinery. Though there were other tin refineries, their output was very insignificant.

Besides the smelting of tin from ore, there was active production of reclaimed electrolytic tin obtained from tin plate scraps either imported from the United States or collected at home. In the years before the outbreak of the China Affair in 1937 the monthly import of tin plate scraps from abroad averaged about 10,000 tons. The availability percentage of tin therefrom was 1.5% to 1.6%. It is said that the annual output of reclaimed tin amounted close to 2,000 tons, which about equalled the output of tin from ore. In this way reclaimed tin constituted an important part of the supply of tin in Japan and the steel scraps remaining after detachment of the tin coating thereon served as a valuable source of raw material for the iron and steel industry, which was then suffering from a shortage of steel scraps. Although no accurate figures on the use of reclaimed tin are available, there is no doubt that it constituted an important source of tin consumed in Japan in the prewar period.

While on the one hand efforts were thus made to increase the supply of tin by boosting both the domestic production and the importation of tin, on the other hand control of tin consumption was steadily intensified along with the strengthening of the wartime structure since the outbreak of the China Affair. As in the case of lead and zinc, non-urgent and unnecessary use of tin for civilian requirements was strictly curtailed by law, and allocation and price controls were instituted through control associations and other control agencies, with a view to filling the munitions requirements.

In short, a feature of the demand and supply of tin in Japan in the years before the Surrender (1945) was absolute dependence on import both in peacetime and wartime and the active production of reclaimed tin from tin plate scraps, in view of the paucity of the domestic resources of tin ore.

Postwar Trend of Domestic Demand and Supply

As stated already, the consumption of tin, as well as steel, copper, aluminum, zinc, lead and other strategic materials, greatly increased in the years before the Surrender. However, in the peacetime also tin is indispensable for tin-plating or for use in alloys, such as tin solders (an alloy of tin and lead or antimony), Babbitt metal (an alloy of tin, copper and antimony) and bronze (an alloy of

TABLE I
DEMAND AND SUPPLY OF TIN, PREWAR AND WARTIME PERIODS
(In metric tons)

Fiscal year	Domestic output of tin ore*	Import of concentrated tin*	Refined tin** (A)	Import of metallic tin (B)	Export of tin (C)	Estimated domestic consumption of tin (A) + (B) - (C)
1930-34 average	1,493	0	1,025	3,479	52	4,452
1935	1,606	0	2,095	4,252	24	6,323
1936	2,101	0	1,770	4,617	22	6,365
1937	2,196	0	1,600	6,501	41	8,060
1938	2,106	0	1,523	8,745	14	10,254
1939	1,497	0	1,398	7,964	4	9,358
1940	1,798	***	2,086	10,368	0	12,954
1941	2,212	1,609	4,416	5,480	0	9,896
1942	1,924	1,815	8,089	3,813	0	6,802
1943	1,125	680	1,815	22,458	0	24,388
1944	380	750	772	9,398	0	10,165
1945	\$	\$	\$	4,323	0	\$

* Computed in terms of tin content.

** Does not include tin refined from tin plate scrap.

*** Negligible amount.

\$ Figures unavailable.

Source: Data compiled by the Natural Resources Bureau. However, the figures of import of metallic tin in 1936 and 1937 are taken from data compiled by the Ministry of Commerce & Industry, which figures differ slightly from the figures given by the former (4,627 and 6,502, respectively).

TABLE II
IMPORT OF METALLIC TIN BY SOURCES, PREWAR AND WARTIME PERIODS
(In metric tons)

Fiscal year	SOURCES OF IMPORTS						Total
	China	Hongkong	Malaya	Netherlands East Indies	British India	Others	
1930-34 average	766(22%)	347(10%)	2,059(59%)	227(7%)	—	80(2%)	3,479(100%)
1935	925(22%)	662(16%)	2,639(62%)	20(*)	—	6(*)	4,252
1936	1,075(23%)	698(16%)	2,614(57%)	67(2%)	19(*)	144(3%)	4,617
1937	668(10%)	736(12%)	3,395(52%)	146(2%)	36(1%)	1,520(23%)	6,501
1938	29(*)	5(*)	6,799(78%)	723(8%)	—	1,189(14%)	8,745
1939	4(*)	—	5,480(69%)	202(3%)	—	2,278(28%)	7,964
1940	—	—	6,957(64%)	2,778(26%)	—	1,133(10%)	10,868
1941	—	—	1,912(35%)	3,561(65%)	—	7(*)	5,480
1942	—	—	1,829(48%)	1,468(39%)	—	498(13%)	3,813
1943	—	—	16,752(75%)	5,695(25%)	—	68(*)	22,543
1944	—	—	3,989(42%)	5,254(56%)	—	150(2%)	9,393
1945	—	—	2,977(69%)	1,346(31%)	—	—	4,323

* Less than 1%.

\$ Estimate.

Sources: (1) 1937 and 1939 figures are taken from "Japanese Mining Production Statistics for the Recent 20 Years, 1926-1945," published jointly by the Metal Mining Research Ass'n. and the National Economic Research Ass'n.

(2) 1938 figures are taken from "The Trend of the Japanese Mining Industry," published by the Ministry of Commerce and Industry.

(3) The figures for 1940 onward are taken from data compiled by the Natural Resources Bureau. However, part of the figures (marked \$) for 1943 and 1944 are estimated by us.

TABLE III
IMPORT OF CONCENTRATED TIN BY SOURCES, WARTIME PERIOD
(In metric tons)

Fiscal year	Thailand		Sources of Import French Indochina		China		Total	
	Concen- trated tin	Metallic content	Concen- trated tin	Metallic content	Concen- trated tin	Metallic content	Concen- trated tin	Metallic content
1941	1,941	1,385	329	189	49	35	2,319	1,609
1942	1,197	844	831	471	—	—	2,028	1,315
1943	648	462	398	218	—	—	1,046	680
1944	*	750	—	—	—	—	*	750

* Figures are unavailable.

Source: Data compiled by the Natural Resources Bureau.

tin and copper). The essentiality of this metal to Japan can be seen from the fact that the average Japanese consumption of this metal in the 1930-34 period is estimated at 4,452 tons per year.

As shown in Table IV showing the demand and supply of tin in the post-war period, the domestic consumption has steadily increased in the postwar period, increasing from 2,565 tons in 1946 to 2,984 tons in 1948.

TABLE IV
POSTWAR DEMAND AND SUPPLY OF TIN
(In metric tons)

Item	1946 (fiscal)	1947 (fiscal)	1948 (fiscal)	1949 (fiscal)
Supply:				
Tin from ore ..	182	35	260	382
Reclaimed tin ..	—	14	19	20
Sub-total ..	182	49	279	402
Import	—	—	—	3,373
Total supply ..	182	49	279	3,775
Demand:				
A. Domestic consumption:				
Copper alloy castings ..	428	546	564	*
Solders	378	265	349	*
Anti-friction alloys	943	779	752	*
Tin-plates	75	177	369	*
Electric wire ..	60	102	209	*
Rollled copper ..	150	71	60	*
Tin-foil	429	554	465	*
Tubes	40	40	75	*
Others	67	120	140	*
Sub-total ..	2,565	2,654	2,984	*
B. Export	9,988	—	—	*
Total demand ..	12,553	2,654	2,984	*

* Unknown.

Sources: The supply figures are taken from data compiled by the Bureau of Mines, Resources Board; the demand figures are taken from page 186 of the "Introduction to Mining Administration," published by the Bureau of Mines, Resources Board.

Despite this increase in consumption, the domestic market price of tin was always below the official price owing to large amounts of stockpiles held by domestic wholesalers and brokers. It is estimated that at the time of the Surrender there were stockpiles of over 5,000 tons, including floating stocks whose whereabouts were unknown. Though out of this amount of stock, 9,988 tons were exported to the United States in 1946, there still remained a substantial amount of stockpiles in the hands of wholesalers and brokers.

TABLE V
DEMAND AND SUPPLY OF TIN, 1949
FISCAL YEAR
(In metric tons)

Item	Quantity of tin
Supply:	
A. Stockpile as of Mar. 31, 1949:	
1. Refineries	175 [*]
2. Industrial Rehabilitation Corporation	43
3. Mineral Products Foreign Trade Corporation	—
4. Dealers (wholesalers)	50
5. Others	155
6. Consumers' running stock	623
Total stockpile*	1,046
B. Production in 1949	382
C. Import in 1949	3,873
Total supply	4,801
Demand:	
1. Domestic deliveries:	
Overland transportation	213
Iron and steel	631
Machinery	50
Shipping	50
Anti-friction alloys	89
Soldiers	72
Others	162
Sub-total	1,267
2. Export deliveries	—
Total deliveries	1,267
Stockpile as of Mar. 31, 1950:	
1. Warehouse stock held by suppliers	3,574
2. Consumers' running stock	877
Total	3,951

* Does not include stocks for which figures are unavailable. This fact accounts for a discrepancy of 417 tons in the figures for supply, demand and stockpile as of March 31, 1950.

Source: Data compiled by the Mining Section, Resources Board.

During the last war tin production from ore was conducted only by the Osaka Refinery of the Mitsubishi Mining Co. In 1946 tin production from ore amounted to only 182 tons, and yet even this small amount could not be disposed of in view of the glutted tin market. Under the circumstance, tin production fell to 35 tons in 1947 and though it recovered to 260 tons in 1948, it was still far below the pre-war production level.

In the meantime, the production of reclaimed tin from tin plate scraps was carried on by a few manufacturers, the outputs thereof in 1947 and 1948 being 14 tons and 19 tons, respectively. However, only a limited amount of tin plate scraps could be collected in the postwar period, unlike the wartime, in view of the small availability of domestic tin plate scraps and also the unprofitability of producing reclaimed tin from imported tin plate scraps.

By the end of 1948 the floating stockpiles of tin in the hands of wholesalers and brokers began to show signs of exhaustion, the estimated stockpiles being about 1,046 tons (see Table V). It became quite apparent that the demand for tin in 1949 could not be met with this amount of existing stockpiles, in the light of an annual consumption of not less than 2,500 tons (see Table IV) against a very small production of only 279 tons in 1948,

with no prospect of increased production in 1949.

As a measure for coping with this situation, tin was imported from abroad in the early part of 1949. This import was made in the form of purchase by the Mineral Products Foreign Trade Corporation (hereinafter abbreviated as MPFTC) of 3,373 tons of tin at the then prevailing international price, out of substantial stockpiles held in custody for restitution to the United Kingdom and the Netherlands on the ground that they represented looted goods—taken over during the last war by Japan from Malaya and the Netherlands East Indies.

Contrary to expectation, however, the supply of tin continued to exceed the demand, which failed to increase owing to the existence of a substantial amount of stocks in the hands of dealers and also to the tight money situation prevailing then. As the domestic market price (¥300,000 per ton in December 1949) of tin remained far below the international price of ¥600,000 to ¥650,000 per ton paid by the MPFTC, the stock of imported tin remained unsold and was entirely carried over to 1950. Under the circumstance, the abolition of price control over tin in December 1948 failed to stimulate its domestic production and the outputs of electrolytic tin from ore and of reclaimed tin in 1949 remained at the low level of 382 tons and 20 tons, respectively, which were no more than their 1948 outputs.

Under such circumstances, it was decided to hold off the sale of the stock of imported tin held by the MPFTC until the domestic price reached the international level, for fear that its release at the low prevailing domestic price would not only result in heavy losses to the national treasury, but also repress the development of the domestic tin mining industry, which was then preparing to increase its production. As anticipated, with the decrease in the stock held by dealers, the domestic price began to rise at the beginning of 1950 and gradually closed the gap with the international price, which had declined in the meantime. As the floating stock of tin at last decreased to a small quantity by the end of March 1950, it was anticipated that release of the stock held by the MPFTC would become necessary in 1950. As a matter of fact, release of stock was made in June onward until the stock held by the Corporation was reduced to 1,928 tons as of December 31, 1950 (survey by the Resources Board). In reflection of the rise in the international price of tin, the sales price of tin released by the Corporation rose from about ¥600,000 per ton in June 1950 to about ¥980,000 in December 1950.

Thus the domestic price of tin is by now keeping pace with the international price. Table VI shows the recent trends of both the domestic and international prices of tin.

Outlook of Demand and Supply

Since, as described in the preceding section, the domestic supply of tin is very small as compared with the demand, future demand must be met by import once the existing stockpiles become exhausted.

During 1950 it was possible to adjust the demand and supply by releasing for sale the imported stock held by the MPFTC in accordance with the degree of exhaustion of the stock held by dealers and the increase in demand. How long can such adjustments be continued hereafter?

There is no way to judge the trend of demand since 1950 except from the statistics of tin deliveries (deliveries to consumers from tin refineries, MPFTC and wholesalers) shown in Table VII. Deliveries during the first half of 1950 amounted to more than 1,000 tons and those during October greatly increased to 573 tons. As this trend, which reflects the active production of automobiles and cans under the stimulus of the Korean war, is expected to continue for some time, the demand during the second half of 1950 will amount to 1,500 tons, assuming an increase of 50% over the preceding half year. The demand for the whole year will, therefore, amount to about 2,500 tons.

An annual demand of 2,500 tons, which is twice as much as the demand of 1,267 tons in 1949, is the minimum necessary at present, judging from the estimated consumption since the Surrender up to 1948 (see Table IV). If we take due account of the decrease in stocks held by dealers, the exhaustion of stocks held by factories and also the indirect impact of special procurements for the Korean war, the annual demand may exceed 2,500 tons, but not less. While it is difficult to estimate the future maximum demand, the average annual consumption of 4,452 tons during the 1930-34 period may be used as a standard for our purpose here. It is true that there may be factors which would raise the consumption to above 4,452 tons, judging from the fact that during the 1930-34 period some reclaimed tin was also consumed in addition to the 4,452 tons stated above, but there are on the other hand numerous factors which would contribute to a decrease in demand, such as the decrease, due to technological improvement, in the number of units of tin required for the production of goods of which tin is a component, the appearance of substitutes and the disappearance of military demand for tin. All in all, we may take the annual average of 4,452 tons during the 1930-34 period as the maximum demand in the future.

On the basis of this estimated maximum demand against the stockpiles of about 3,500 tons (excluding those held by consumers) as of March 31, 1950 and an estimated production of about 450 tons during 1950, it is calculated that the stockpiles now held by the MPFTC will become exhausted by the

TABLE VI
TRENDS OF THE DOMESTIC AND INTERNATIONAL PRICES OF TIN

Date	Domestic prices per metric ton		New York quotations [§]	
	Refinery price	Dealers' price	Cents per lb.	Yen equivalent per metric ton*
1949-Jan. 11	Y 255,000	Y 190,000	76.25	Y 605,163
May 1	524,000	280,000	103.00	817,466
1950-Feb. 11	570,000	470,000	74.50	591,274
July 12	570,000	610,000	84.75	672,623
Aug. 27	700,000	770,000	99.00	785,719
Nov. 4	765,000	900,000	152.00	1,206,357
Dec. 23	980,000	1,000,000	148.50	1,178,579

§ Not necessarily of the same date as that of the domestic prices.

Sources: Japan Mining Ass'n, Sangyo Keizai Shimbun (Osaka edition).

TABLE VII
TIN DELIVERIES, BY CONSUMERS, 1950 FISCAL YEAR
(In kilograms)

Consumer	First quarter of 1950				Second quarter of 1950				October 1950
	April	May	June	Total	July	August	September	Total	
Overland transportation	3,005	29,989	5,483	38,427	—	1,485	10,015	11,500	278,015
Iron & steel	74,105	72,867	63,664	210,636	162,372	184,337	17,759	364,468	220,400
Machinery	2,150	4,744	6,341	13,235	4,555	9,052	2,601	16,208	7,805
Shipping	8,800	5,800	3,703	18,303	7,457	3,738	173	11,368	11,450
Anti-friction alloys	2,560	7,049	12,102	21,711	6,367	34,883	5,427	46,677	10,081
Solders	19,614	15,900	11,565	47,079	30,062	63,045	9,251	102,358	19,283
Others	13,681	6,746	6,570	26,997	22,147	72,365	12,674	107,186	27,099
Total	123,915	184,045	109,428	376,388	232,960	368,905	57,900	659,765	578,631

Source: Data compiled by the Mining Administration Section, Bureau of Mines, Resources Board.

beginning of the second half of 1951 at the earliest and by the end of the year at the latest.

As the situation stands at present, sooner or later the demand and supply situation is expected to grow stringent within about a year and, therefore, the Economic Stabilization Board is now considering the importation of tin ore or ingot in anticipation of its shortage in the future.

With respect to the domestic production of tin, there are reclaimed electrolytic tin and tin derived from ore. As already stated, the production of reclaimed tin is difficult from the standpoint of both availability of tin plate scraps and profitability of operations. As to the production of tin from ore, no sharp increase can be expected. Though the Osaka Refinery of the Taihei Mining Co. has a theoretical monthly productive capacity of 160 tons, it has an operable capacity of only 80 tons at present owing to the need for the repair of its electrolytic tank and other equipment (according to a survey by the Resources Board). While the annual productive capacity of the refinery on the basis of its present electrolytic tank capacity is about 1,000 tons, it appears that a substantial increase in tin ore mining and rationalization of ore-dressing equipment are needed to produce this much of tin, judging from the current operating condition and also the fact that the output last year was only 380 tons.

In view of this situation, the Resources Board estimates the outputs of tin in 1950 and 1951 at 450 tons and 500 tons, respectively.

TABLE VIII
PRODUCTION OF ELECTROLYTIC TIN
(In kilograms)

Fiscal year or month	Annual or semi-annual output	Average monthly output
1949-Whole year	381,981	31,832
1950-First half	231,485	38,581
October		40,385
November		28,098

Note: The production is that of only the Osaka Refinery of the Taihei Mining Co., Ltd.
Source: Data compiled by the Mining Section, Bureau of Mines, Resources Board.

In any case, it is clear that import of tin will become necessary once the existing stock is exhausted, because the domestic production cannot fully meet the demand in view of the paucity of domestic tin resources. In this sense the trend of the world market will be an important factor in determining the demand and supply of tin in Japan.

Conclusion

From the foregoing review it has become apparent that the future demand and supply of tin in Japan will have to be adjusted by the import of either metallic tin or tin ore.

As to the future prospect of importing tin, it seems possible to import it from Indonesia, Malaya, etc., provided that the supply of tin ore does not grow short because of an extreme war boom. It may be said, however, that the rising world price of tin is already greatly affecting the operating cost of can manufacturers and other consumers of tin.

INDIA'S TRADE WITH FAR EASTERN COUNTRIES

India's export trade with Far Eastern countries,* taken together has advanced, in value, by 224 per cent between 1938-39 and 1949-50. Before the war, exports of Indian merchandise to this region amounted to Rs. 210 million; they amounted last year to Rs. 680 million.

The several figures of the years of the period are not comparable, since the basis of computation has changed after August, 1947. For one thing, India is now presenting the statistics of Indian Dominion only, whereas formerly they related to undivided India. For another, trading both on private and commercial account has been combined whereas formerly the figures related only to the former. But, for all practical purposes, the statistics are comparable, since these factors have not materially altered the volume of trade of India with these countries.

There is no precise way of determining whether this increase in the value of trade also connotes a similar increase in volume. It is well known that prices have advanced very much during the period. By taking into consideration the price advances of those groups of articles which predominantly enter into India's exports to the region, which show a four-fold increase, one comes to the plausible conclusion that, probably, some leeway is yet to be made before the pre-war volume of trade can be stated to have been reached.

The aggregate trade was as follows during the period:—

Years	(In Million Rupees)		
	Exports from India	Imports into India	Balance of Trade with India
1938-39	210.0	282.0	— 72.0
1946-47	348.5	168.5	+180.0
1947-48	355.3	245.9	+109.4
1948-49	374.3	418.3	— 86.7
1949-50	679.7	450.9	+228.8

* Burma, Ceylon, Indochina, Indonesia, Hongkong, Malaya, Philippines and Thailand.

Imports were higher than exports in the pre-war year; in the post-war period, except for a single year, i.e. 1948-49, exports have always been higher, giving a balance of trade in favour of India. As compared with the pre-war, the trading position has improved about Rs. 300 million, converting a deficit of Rs. 72 million in 1938-39 into a surplus of Rs. 288.8 million for 1949-50.

Exports are made up mainly of a few major commodities—the two commodities which account for a large part of the trade with most countries being jute and cotton goods. For instance, total export to Burma amounted to Rs. 135 million in 1949-50, of which cotton piecegoods amounted to Rs. 28 million and gunny bags to Rs. 35 million, making a total of Rs. 63 million or 47 per cent. The other commodity of major importance is groundnut oil, the exports

of which amounted to Rs. 25 millions. The three make up 65 per cent of the total value of exports.

In respect of Ceylon, of the total value of Rs. 156 million, cotton piecegoods amounted to nearly Rs. 60 million, or 40 per cent. The other important commodities are coal (Rs. 16 million) and fish (Rs. 12 million). These three commodities make up 58 percent of exports.

Malaya is another heavy importer of cotton piecegoods. Out of the total value of exports amounting to Rs. 170 million in 1949-50, Rs. 116 million, or 68 per cent were in respect of this single commodity.

As regards Thailand, India sent cotton piecegoods worth Rs. 13 million, jute goods worth 23 million, or Rs. 36 million out of a total value of 40 million, which comes to 90 per cent.

Hongkong has been a heavy importer of both these commodities from India. Exports of cotton piecegoods in 1949-50 amounted to Rs. 68 million and jute goods to 44 million or a total of 112 million. This gives a percentage of 90, as compared with the total value of 132 million.

The Philippines has taken Rs. 14 million worth of jute goods, which practically amounts to the total of Indian exports to that country.

Although two or three commodities therefore make up a large part of the total trade of India with the Far Eastern countries, yet there is a fair sized list of miscellaneous commodities, mainly consumer goods, which figure in the trade. Such goods are coir yarn, cordage and rope, hardware and cutlery, provisions and oilman stores, rubber manufactures, haberdashery and millinery and tobacco manufactures. They do not go to all these countries, but to specified ones. But the fact of going is significant, in that it shows that these countries are in a position to

absorb a number of items of consumer goods from India to the extent they want them and India is able to offer them on a competitive basis regarding quality and price. Thus in addition to trading in the usual line of staple commodities, there is good scope for the growing development of trade in consumer goods of a miscellaneous character. It is the markets of her neighbours that India has favourable opportunities to develop trade in her surplus manufactured goods.

Indian manufactures of this type are geared enough, generally speaking, to supply such goods, in increasing quantities, to foreign markets. No doubt there is a vast internal market to be satisfied in the first instance. But, in many cases, production has so much advanced that it is possible, in respect of them, to follow a policy of permitting free or practically free exports. Categories of goods falling under the first class have been entirely decontrolled and those falling under the second, placed on O. G. L. In respect of these two classes, India is in a position to meet the needs of her neighbours to a growing extent.

Given below are a few items of such consumer goods, which India has to spare and which the Far Eastern countries may need.

A. Articles Free from Export Control:

Musical Instruments, Scientific Instruments, Coir Manufactures, Buttons, Earthenware, Gramophone records, Lac Products, Mica Products, Polishes and Composition, Toilet requisites, Toys, Woolen hosiery, Tiles and bricks, Certain Chemicals, Cutlery, Drugs and Medicines, Porcelainware, Glass and glass-ware, Lamps and parts, Leather manufactures, Requisites for games and sports, Surgical Instruments, Disinfectants, Printer and Litho Ink, Spectacle Frames, Manufactures of Wood and Timber Artware and Artificial Jewellery.

B. Articles Under O.G.L.:

Hurricane Lamps, G. I. Buckets, Builders Hardware, Steel Pens, Electric Ceiling Fans, Miscellaneous cotton manufactures like tents, tapes, bags, navor, apparel, etc., Enamelware, All metal manufactures other than fabricated steel structures, Electric insulating materials, Electric wire

and cables, Electrical instruments and apparatus, Woollen and worsted manufactures, Umbrella and Umbrella fittings, Confectionery, Small tools, Abrasives, Bicycles, Matches, Metal manufactures, Canvas Shoes, Stationery, Silk and Art Silk piecegoods, Glass bottles of certain types, Paints, Varnishes and enamels, Pharmaceutical Products, Furniture, Cloth Hosiery, Straw Boards, Card Boards, etc. and Vegetable Oil Products.

Although India has in hand vast developmental programmes and needs for their implementation what she produces yet in certain directions, she can be of some help, to however small extent it may be—to the Far East. India is not at present in a position to export steel structurals, i.e. rolled steel sections. But there is some capacity—estimated to be about 10,000 tons a year roughly valued at current rates at Rs. 9 million—to export structures made of steel, like bridges, warehouses, steel frame buildings, roof trusses etc. This may not be much from the point of view of the requirements of the Far Eastern countries; but it does represent a token of India's desire to help them and is also a strong indication of what may be forthcoming as her productive capacity increases.

The Far Eastern countries require rolling stock for their railways. In this direction, too, it is possible for India to be of some help to them. Without affecting the needs of her own railways, India is in a position to export about 1,000 railway wagons per year for metergauge, provided the importing countries could use the standard wagons which are being built for the Indian meter-gauge railway system by some noted wagon building firms mainly situated in or near Calcutta.

As far as quality is concerned, it is the considered opinion of experts that the quality of steel structures and wagons fabricated in India compare well with those from the U.K. or the Continent. India can also export a limited quantity—not more than a few thousand tons—of dogspikes which are needed for fastening the rails to timber sleepers.

INDIA'S TRADE WITH FAR EASTERN COUNTRIES

(Figures in Million Rupees)

	India's Exports: (to)					India's Imports: (from)					Balance of Trade:				
	1938-39	46-47	47-48	48-49	49-50	1938-39	46-47	47-48	48-49	49-50	1938-39	46-47	47-48	48-49	49-50
1. Burma	1,00.3	1,00.2	1,19.3	99.7	1,35.1	1,04.5	47.5	1,11.8	1,02.5	1,25.6	-1,04.2	+ 52.7	+ 7.5	- 82.5	+ 6.5
2. Ceylon	50.9	1,42.8	1,15.5	1,19.4	1,56.2	11.7	34.2	28.0	26.1	27.5	+ 39.2	+ 1,08.6	+ 87.5	+ 98.3	+ 12.8
3. Malaya	24.1	42.5	44.3	50.8	1,79.7	41.5	57.6	64.5	99.9	1,36.5	- 17.4	- 15.1	- 20.2	- 49.1	- 33.2
4. Indonesia	9.1	6.5	7.2	13.1	11.1	18.0	5.4	4.3	2.5	20.8	- 8.9	+ 1.1	+ 2.9	+ 10.6	- 9.2
5. Indochina	6.8	—	8.0	16.4	20.2	1.4	—	—	6.3	—	+ 5.4	—	+ 8.0	+ 10.1	+ 20.2
6. Thailand	7.0	.6	7.3	23.7	40.8	.9	7.1	15.2	52.0	1,04.5	+ 6.1	- 6.5	- 7.1	- 28.4	- 63.7
7. Hongkong	7.8	50.0	40.9	31.3	1,32.1	3.5	10.7	20.5	24.9	26.7	+ 3.7	+ 33.4	+ 8.2	+ 6.4	+ 1,06.4
8. Philippines	4.1	5.9	12.8	19.9	14.5	.6	—	4.6	6.8	6.8	+ 3.6	+ 5.9	+ 20.3	+ 13.1	+ 7.7
Total	2,10.0	8,48.5	3,55.3	3,74.3	6,79.7	2,82.0	1,88.5	2,48.9	4,11.0	4,50.9	- 72.0	+ 1,80.0	+ 1,06.4	- 36.7	+ 2,28.8

N.B. The trade figures from 1938-39 to 1946-47 and for a part of 1947-48 relate to undivided India and to the Indian Union for a part in 1947-48 and in 1948-49 and 1949-50. From 1938-39 to 1947-48, again, the figures relate to private trade only; and in 1948-49 and 1949-50, to combined Government and private trade. Although these explanations are necessary from the technical point of view, the figures, are all comparable, for all practical purposes.

Trade with British Borneo is included in trade with Indonesia.

FINANCIAL REPORTS

HONGKONG FREE EXCHANGE & GOLD MARKET

The Chinese 'volunteers' in Korea have started their long expected spring offensive and are now pushing ahead, paying the high price of thousands and thousands of lives (which counts little in so overpopulated country as China where Russian eugenics advisers have advocated the cutting down of the population from some 450 to 300 million) Hongkong is anxiously following the war front news, realising, as the local GOC-in-C reminded British troops returning from Korea for local garrisoning, that this colony is in a position not very much different from Korea. Here and there the enemy is the same. While the communists are being contained—that being at least the hope—in Korea, no direct assault on this colony will be attempted, and all the warlike and menacing preparations by the communist forces in South China are presumably taken in order to discourage a landing by the

'Free China' forces now being geared up on Taiwan. The French and their Vietnam-allies in Indochina are also, by grace of the UN action in Korea, spared a disaster—but for how long remains to be seen after the upshot of the current communist offensive in Korea.

Opinions in Hongkong as to the position Britain should take in the current crisis in the Far East, precipitated by the intervention of Peking in Korea, are very much divided. It would appear that the determination to resist is growing and will in due time develop into concrete action calculated to refrain completely from doing business with the communist countries including Red China, provided such transactions are in any way conducive to strengthening, in any way, the war potential of the aggressors. Business as usual is a slogan which must be forgotten in this world which faces conquest by the implacable communists. What appeasement there was, and what earlier hopes one had enter-

tained when the Chinese communists were sweeping over the vast country, have all been shattered after the Peking govt. ordered their armies to enter Korea and to oppose there the UN forces, openly calling for the annihilation of these forces. The perennial compromisers have still not seen the light, they still pray for 'peace in our time,' hoping that the Kremlin will allow at least a few years 'breathing space' before it commits all its satellites' strength in a war 'to end all wars' and accomplish the communist paradise. War has been forced upon the non-communist world and while people all over the world are peaceful by nature they cannot but take up arms and try to defeat the aggressors and would-be conquerors.

The British authorities have been accused of 'double-faced' policy—Peking and Washington have found often the same phrases—but in fact the will to resist has all the time been strong and has recently been fortified by hostile actions taken in communist China. This week the Peking authorities ordered the

properties of the Shell concern to be requisitioned, a step taken in retaliation of the local Govt. having requisitioned a Chinese owned tanker, this tanker having been originally the property of the KMT govt, now in Taiwan. Peking radio and publications have kept up a stream of lies and abuse calculated to irritate the British and strengthen the morale of the guerrillas in Malaya. Hongkong Govt, is however prepared, it had had time to meet a potential aggression from the communists. The population is also prepared and anti-communist sentiments are now generally heard in this colony of 99% Chinese inhabitants. If war in the Far East will be unleashed by the communists, as it has been unleashed in Korea, it will bring destruction to the peaceful peoples in this vast area, but it will not result in a 'red victory.' The determination to fight communism has greatly increased, and with America showing the way, the morale of all the democratic peoples is excellent.

The financial markets here were slightly upset by the developments in Korea and the growing enmity in communist China vis-a-vis Britain. But confidence is shown everywhere that a big clash can still be avoided this year—no predictions for 1952 being advanced, however.

Report for the week April 23—28:—

GOLD:—Highest & lowest rates per .945 fine tael \$327½—316½, equiv. to .99 fine tael and oz rates of resp. \$342.83—331.38 and \$284.90—275.39, crossrates working out at US\$45.15—45.75.

Daily highest & lowest rates: \$323½—318; 327½—321½; 327—322½; 322—317½; 319½—316½; 321½—316½. Week's opening \$318½, closing 321.

Gold coins quoted as follows, in HK\$:—US\$20 old coin 47½, new coin 304, US\$10 old 279, new 150, US\$5 old 139, new 73, US\$2½ old 60, new 36.50, English sovereign 87.50.

Canton gold business was very discreetly done as suppressive measures were rigidly enforced; still there were daily transactions and illicit wireless communications with Hongkong and Macao were kept up. Prices are lower than in the two colonies but usually in line with Macao's bullion market. Last week's highest & lowest rates per .99 fine tael were HK\$ 332—324 (Canton bullion brokers still quote gold in terms of HK\$). Macao's prices of last week for .99 fine tael were HK\$335½—323½ (in the Portuguese colony gold always is quoted in terms of HK\$ though some business is also done in terms of the Macao currency which is on the open market at present some 6—7% higher than the HK\$).

Last week's local market was erratic; world political and war news at the beginning of the week stimulated buying which was also supported by higher free market US\$ rates (here and abroad), but when local revenue officers again succeeded in seizing larger lots of gold readied for export and profit-takers appeared as sellers, prices dropped and only slowly recovered. Hongkong Govt, has since the beginning of this year seized more gold than in any other period, the value of this gold approaching now the HK\$8 million mark. Practically all seizures were effected as the result of inside information given to the police

and revenue officers, and this fact shows that even some of the big smuggling rings have been broken up. While informers etc. receive considerable rewards, the public (i.e. the Govt) has 'earned' a very large amount from seizures of illegally shipped bullion into and out of the colony.

Imports into Macao continue with regularity. Several arrivals were reported. POAS flying boats carrying bullion from Bangkok and MATCO Catalina flying boats from Saigon, the precious cargo being unloaded in Macao for reexport to Hongkong. One load usually weighs one ton or approx. 30,000 ozs troy fine. Import licences are freely obtainable, against payment of the usual 'squeeze' which goes to the well-entrenched combine controlling both the issue of licences and the distribution of them to individual importers. In most cases the importers upon arrival of the bullion in Macao sell it to the same group of people who either again offer it in the local or Hongkong market or dispose of it by shipping it, through an intermediary, to Hongkong from where it goes either into the hoards of local investors, so-called marginal hoarders and speculators, or to the goldsmiths or to the exporters for shipment to India and other East Asian countries. Last week's new contracts comprised 24,000 ozs at prices of US\$44.55 to 44.80 cif Macao.

Change-over interest per .945 fine tael for 7 trading days was 36 cts. or about a 5½% p.a. yield. Tradings totaled 186,000 taels, or a daily average of 31,000. Transactions have recently been declining as small speculators were absent from the market. Cash sales: 47,540 taels of which 19,540 officially listed, and 28,000 arranged privately. Of the total quantity, exporters acquired 14,800 taels, goldsmiths 1540, interest hedgers 31,200. Exporters consigned the 14,800 taels to Bangkok (8000 taels) and to Singapore (6800), but of these two lots local revenue officers, upon tip-offs, seized about 50% which eventually landed in the local treasury (minus rewards). Premiums paid for .99 and .97 fine export gold, on top of the price for the .945 fine bars, ranged resp. from \$15.50—16 and \$8.40—8.50.

Importers received over 13,500 taels from Macao and suffered only small losses due to seizures here. In view of the many seizures of gold to be shipped to Bangkok bullion traders were reviewing the position: on the face of it it appears fantastic that gold imported, in transit, into Bangkok then flown by a Siamese govt owned flying boat into Macao, then smuggled into Hongkong, then smuggled out of Hongkong and aboard a freighter into Bangkok for eventual sale to the Chinese and Siamese public in Thailand, should not be permitted by the Siamese govt to be officially imported. There is genuine demand for gold in Siam; all the many jewellers show gold ornaments in their often very extensive premises, and the common people wear crudely made gold ornaments (men and women). But the Siamese authorities do not allow gold imports fully raising that the gold displayed by shops and the people has been brought into the country by smugglers. If the Siamese Govt acted more reason-

ably the price of gold in Bangkok would be considerably lower than in Macao or in Hongkong, as the various fees in Macao and the smuggling charges plus commissions and profits left & right would be saved. Unfortunately for the buyer in Bangkok, the price is usually 15% higher than in Hongkong, and about 25% higher than in free gold markets in Europe and America.

SILVER:—Prices follow London and New York rates. Business remains small and the market uninteresting. Sales totaled 48,000 taels of .99 fineness. Bar silver quoted \$6.07—6.08, dollar coin 3.91—3.92, small coins 3.01.

US\$:—Highest & lowest rates for US notes \$616—608, DD 617½—609½, TT 621—613, corresponding to crosses of US\$2.576—2.61. Daily rates for TT: 620—614½; 622—619; 621—618; 618—613½; 615½—613; 617—613½.

Sales: US\$980,000 in TT sector, US\$ 720,000 in DD and notes.

Gold markets determine the TT New York. Speculative dealings are out, merchant demand to a growing extent is making itself felt.

BANK NOTES:—Rates per one currency unit, in HK\$:—London 15.65—15.70, Australia 12.86—12.90, Canada 5.72—5.75, Malaya 1.80½—1.81, India 1.16½—1.17½, Burma .88—99, Ceylon .97, Manila 1.55—1.64, Macao 1.05—1.07. Per 100 units: Indochina spot 13.80—14.10, forward 14, Siam 28.20—28.40, Indonesia 37, Japan, per 10,000, \$145—154. China, per one million, 218—225½ (=PB yuan 4434—4587 per HK\$ 1). Taiwan per one NTY, \$30.

CHINESE EXCHANGE MARKETS:—Shanghai black markets operate but very cautiously. Business in US notes, cheques, in gold and in some other currencies mainly HK\$ is being done, prices are being quoted and communications are being maintained with Hongkong. Penalties imposed by the authorities are severe and there is no way to bribe the communist officials. Still, business is being carried on, only with very much greater secrecy than at any time before—excepting the infamous terror period under Chiang Ching-kuo, the Generalissimo's irrepressible son.

Last prices in Shanghai in People's Bank yuan: per US note 25,000, US draft or account in New York 26,000, per HK note or funds in Hongkong 4400 (giving a cross of HK\$5.70 per US\$ which corresponds to the official London/New York crossrates), per oz of .99 fine gold 1.2 to 1.3 million (a cross of US\$48 to 52 per oz .99 fine). In these days of stringent controls in communist China it is very important for business men to have connections with the black currency market, and therefore brokers with the right connections in Shanghai are earning considerable amounts for their services.

Official rates in Peking remained unchanged. Local rates for PB yuan million \$218—225½, for DD Canton 218½—225, DD Amoy 224—226 (sales in DD and notes approx. PBY 2000 million) HK\$ exchange with Canton quoted 96½—98 (sales HK\$75,000). Gold and US\$ exchange with Shanghai at rates 100 and 99—90½ respectively (sales small). Gold and US\$ exchange with Taiwan quoted 99—100, and 96½—97 resp. per 100 in Taiwan. Business was more brisk.

BULLION BUSINESS IN INDIA

Bullion prices in India in 1950 continued to remain isolated. Speculative activity showed tapering off, especially in the second half of the year. Official prices of gold in New York and London were kept unchanged. Prices of silver in New York recorded a sharp spurt in the last quarter of the year. The gold mining activity in Hyderabad State was intensified. Price of gold until June was steady to firm, but thereafter drifted downwards due to apathetic spot demand. Silver was relatively steadier.

In the international markets, business in gold and silver remained restricted. In the U.S.A., the official price of gold was pegged at \$35 per ounce. In the U.K., the rate stood at £12-8-0 per ounce. Unofficially, in New York gold was being quoted around \$38 to \$39 per ounce for many months. In silver, however, prices recorded some variations in the New York market with their reaction elsewhere. At the beginning of 1950, prices in New York and London stood at 73½ cent and 64d. per ounce, respectively. Prices remained with little change until March. In April, they dropped in New York to 71¾ cents, the rate in London then being 63d. During May, they rose fractionally to 72¾ cents in New York and 63½d. in London at which levels, they were stagnant until the third week of October. Before the end of October, the market price of silver in New York improved to the high level of 80 cents. The official rate in London had also to be revised to 70d.—the highest since devaluation. The upward trend in New York was due to a change of policy by sellers of Cuban and Mexican silver. It may be mentioned that during this year, these countries had been selling silver in New York on a fairly large scale, particularly Cuba. For instance, even in July, the Cuban Government intimated that they intended to liquidate several million pesos worth of silver which had been held as backing for the silver certificates. The pressure of these sales were well absorbed in New York in view of the expanding industrial demand for the metal. In the last week of October, the Cuban Government were reported to have restricted their offers, resulting in increased rates. Towards the year end, prices ruled unchanged.

An important landmark in the production of gold in India in 1950 was the flotation, in the last quarter, of a public company for mining gold and precious stones in the Hyderabad State. At present the mining operations are being conducted at Hutti, Raichur District, Hyderabad State. The issued capital of the Company is Rs. 8 million. The announcement regarding the flotation of the company states thus: "The geological prospects are favourable and with the substantial tonnage of ore already available, the directors have confidence that there is every prospect of a fair return on the capital outlay with a very good possibility of expanding the rate

of production in the near future." The principal gold producing area in India is situated in Mysore State where the annual output of gold ranges around 180,000 ounces. In 1949, production in the State aggregated 160,902 ounces while in the preceding year, it stood at 179,984 ounces.

The Bombay Bullion Market continued to remain isolated from the world markets. The ban on the import of gold was maintained and in consequence, prices in India were ruling appreciably above the world parity. Fluctuations were, however, somewhat limited due to the abatement of large scale speculative activity. During the first half of the year, business on the Bombay Bullion Exchange was relatively better. Early in January, spot and forward gold were quoting around Rs. 113-4, improving to Rs. 114-10 towards the month-end in sympathy with the firmness of silver. During February prices were erratic at higher levels. Strong spot demand, higher advices from upcountry, reduced arrivals and the tight supply position gradually took up the rates of spot and forward gold to Rs. 117-5 and Rs. 117-8, respectively, at one time. At the high levels, there was profit-taking, resulting in prices dropping to Rs. 114 temporarily. From this level, the rates recovered to Rs. 116-9 towards the end of February. During March, the trend was generally firm, but prices moved within limits. The upward trend was maintained during the next two months. The highest level for the year was reached in May when spot and forward gold crossed the high level of Rs. 119-0 on account of the firmness of silver. Bull operators were able to take advantage of the limited floating stocks of the metal in the market and the strong technical position.

From the second week of June, prices began to decline gradually and at times heavily. A few leading operators began to liquidate their holdings due to some defection among themselves. At first, liquidation was confined to silver, but it spread rapidly to gold also. Spot gold receded to Rs. 112-4 at one time, but made a feeble recovery after the Korean war to wind up the month at Rs. 114-5. Although speculators attempted to push up prices taking advantage of the inflationary psychology in the world, they were not successful in their efforts, spot gold dropping further to Rs. 113-12 in July. Conditions in gold remained apathetic during August and September. Spot demand for the yellow metal became negligible and in view of the increased arrivals, prices began to drift downwards. The pre-Diwali demand for gold did not bestir the market and by the end of October prices declined to Rs. 107-5. For the major portion of November, there was no change in the market sentiment. However, from the last week of that month, the market showed signs of feeble recovery following the uncertain international situa-

tion. In the third week of December, spot and forward gold were dealt in at Rs. 110-4 and Rs. 110-2, which compare with Rs. 114-2 and Rs. 113-8, respectively, for the same positions in the previous year.

The silver section on the Bombay Bullion Exchange was more active than gold, as was the case in 1949. Speculators evinced great interest in this section and in consequence, price movements were relatively larger than in the yellow metal. In the absence of sales from any official sources as in 1949, operators could not depress prices to any undue extent. Early in January, spot and forward silver were dealt in at Rs. 172-8 and Rs. 171-14, but they were gradually taken up by bull operators who began to exercise control over the floating stocks of the metal. Nervous short-covering and higher upcountry advices imparted further firmness. With a view to preventing excessive speculation, the Board of Directors of the Bullion Exchange decided to impose a margin system. By the end of January, spot and forward silver improved to Rs. 184-6 and Rs. 184-4, respectively. The upward trend continued in early February also, spot and forward rates further moving up to Rs. 188-1 and Rs. 188-5. In the third week of February, prices received a slight setback, spot section dropping to Rs. 180 due to the liquidation by operators, the technical weakness of the market and expectations of increased arrivals from upcountry. During the next three months and more, prices were generally well maintained at high levels for one reason or another. Generally speaking, bull operators were successful in their endeavours on account of the limited floating stocks in the market. For a while in April prices reacted unfavourably to the decision of the Bullion Exchange to introduce the margin system. This decision of the Exchange was, however, challenged by an operator in court which decided that the Board's resolution demanding a margin against outstanding purchases was not warranted by the powers vested in the Association. By April, spot silver recovered to Rs. 188 as against Rs. 182 early in the month. The undertone of the market became exceptionally firm in May when spot silver fetched around Rs. 190 for most days in the month. Towards the close of May, spot and forward silver were dealt in at the peak level of Rs. 190-14 and Rs. 190-7 respectively.

From the second week of June, prices began to drift downwards, declining to Rs. 174-2 at one time in the third week, following defection in the bull syndicate. A noticeable development towards the month-end was the supersession by the Bombay Government of the elected body of the Bombay Bullion Exchange by a new set of members chosen by that State Government. This action of the Government was due to the reported heavy speculation, resulting in wide price fluctuations. The Korean war in the third week of June lifted the prices

HONGKONG STOCK & SHARE MARKET

Only a moderate amount of business was transacted last week with a slight recession in prices during the first half. However, buyers showed more interest during the last two days and the market closed steady.

The Peak Tram Co. announced a dividend of \$3.00 for "Old" and \$1.50 for "New" shares, both free of tax, for year ended 31.3.51.

Business reported during the week, \$1,636,215. Business reported for March, 1950, \$3,849,052. Business reported (17th week) 1950, \$480,789.

Last week's closing quotations:—

H. K. GOVT. LOANS		8
4% Loan	.....	98
3½% " (1934 & 1940)	.....	95
3½% " (1948)	.....	94
BANKS		
H.K. S. Bank	.....	1585
" (Lon. Reg.)	.....	£82½
Chartered Bank	.....	£10 5/8
Mercantile Bk. A. & B.	.....	£23
Bank of East Asia	.....	102
INSURANCES		
Canton Ins. Ex. Div.	.....	245
Unions Ins.	.....	740
China Underwriters	.....	3½
H.K. Fire Ins.	.....	135
SHIPPING		
Douglases	.....	150
H.K. & M. Steamboats	.....	15
Indo Chinas (Pref.)	.....	12
" (Def.)	.....	60
Shells (Bearer)	.....	94/4½
U. Waterboats	.....	17
Asia Nav.	.....	90
DOCKS, WHARVES, GODOWNS, ETC.		
H.K. & K. Wharves	.....	74
North Point Wharves	.....	5.10
Sh. Hongkew Wharves	.....	4
H.K. Docks	.....	12½
China Providents	.....	10
S'hai Dockyards	.....	2.90
Wheelocks	.....	22½
MINING		
Raub Mines	.....	4.70
H.K. Mines	.....	.00½
LAND, HOTELS & BLDGS.		
H.K. Lands	.....	39
S'hai Lands	.....	1.05
Humphreys	.....	7½
H.K. Realities	.....	1.90
Chinese Estates	.....	109

slightly, spot silver finishing at Rs. 178-7. During July and the subsequent two months price movements were narrow and restricted, but the undertone was steady. The volume of business declined to a marked extent. Generally, price moved between Rs. 178 and Rs. 182 during this period. From the second half of November, activity recorded some improvement in sympathy with the firmness of the New York market. In the third week of December spot and forward silver were taken up at Rs. 185-4 and Rs. 185-9 as against Rs. 170-13 and Rs. 170-11 for the corresponding positions in 1949.

PUBLIC UTILITIES

H.K. Tramways	.....	11.80
Peak Trams (Old)	.....	23
" (New)	.....	11
Star Ferries	.....	70
China Lights (Fully Pd.)	.....	6.10
" (Partly Pd.)	.....	3½
" (Bonus Sh.)	.....	5.90
H.K. Electrics	.....	23
Macao Electrics	.....	9
" (New)	.....	8½
" (Bonus Sh.)	.....	8
Sandakan Lights	.....	8½
Telephones (Old)	.....	10½
" (New)	.....	9.10
Shanghai Gas	.....	1½

INDUSTRIALS

Cald. Macg. (Ord.)	.....	26½
Cements	.....	10½
H.K. Ropes	.....	12½

STORES &c.

Dairy Farms	.....	12½
Watsons	.....	17½
L. Crawfords	.....	25
Sinceres	.....	3.20
Sun Co., Ltd.	.....	2
China Emporium	.....	9.35
Kwong Sang Hong	.....	92
Wing On (H.K.)	.....	58½
Wm. Powell, Ltd.	.....	7

MISCELLANEOUS

China Entertainments	.....	10½
International Films	.....	1
H.K. Constructions (O)	.....	2
" (N)	.....	1
Vibro Pilings	.....	8½
Marsman, Investments	9/-
Marsman, (H.K.)75
S'hai Loan95
S'hai Explor13
Yangtszes	2.80

COTTONS

Ewos	2.60
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RUBBER COMPANIES

Alma Estates	20
Anglo-Dutch85
Anglo-Javas45
Batu Anams70
Bute Plantations	.....	3.50
Chemor United	.....	.80
Cheng Rubbers	.....	.70
Consolidated Rubbers	.....	3.90
Dominion Rubbers	.....	4.10
Java-Consolidateds	.....	.20
Kota Bahroe	.....	2.30
Kroewoek Javas	.....	.40
Langkats	.....	.80
Padang Rubbers	.....	1½
Repah Rubbers	.....	.32½
Rubber Trusts	.....	3½
Samagaga Rubbers	.....	.80
Semambu Rubbers	.....	.70
Shanghai Kedahs	.....	7½
Shanghai Kelantans	.....	1
Shanghai-Malays	.....	14
Shanghai Pahang	.....	1.85
Shanghai Sumatras	.....	7
Sua Manggis	.....	.10
Sungala	.....	1.70
Sungei Duris	.....	33
Tanah Merahs	.....	1.20
Tebong Rubbers	.....	.30
Ziangbe Rubbers	.....	1.30

SINGAPORE SHARE MARKET

The Singapore Share Market opened the third April week quietly and with little business passing, prices were generally easier. Although there was no great weight of selling, rubber shares declined in sympathy with the commodity price and closed barely steady. Tins improved on Thursday and Friday but with four or five notable exceptions transactions in Industrials were at prices below the previous week's best.

Destinational control of rubber was recently ordered apparently without reference to the Federal Council and customs & excise duties on liquors increased without, as far as is known, reference to the Taxation Advisory Committee, which it was agreed would be set up at the time of the storm over the new rubber export duty. It is also remembered that when Government imposed income tax it was

said that indirect taxation would not be increased but would possibly be reduced. When dealing at high levels, it is always necessary to remember that though a promise is a promise circumstances alter cases. However, no doubt in respect of the liquor duty the law of diminishing returns will eventually take effect and we shall all repeat the dictum of the Governor of North Carolina.

Amongst Industrial shares Gammon rose to \$3.25 c.b.i. Steamships to \$19.75 c.d., Wearne Bros. to \$2.85, Runnymede

Hotel \$2.70 x.d. c.b.i. and Malayan Collieries to \$1.80 although other counters were easier. Straits Steamship Co., Ltd., propose an increased dividend of \$1.50 for the year ended 31.12.50, against \$1 the previous year. Gammon (Malaya) Ltd., are to hold an extraordinary general meeting to issue a capital bonus of one free share for every two shares held, the new shares to rank for the dividend to be proposed in respect of the Accounts to 31.1.51. It was announced at the Annual meeting of Runnymede Hotel Ltd., who are issuing one free share for every two held on 14th April, 1951, that an offer of \$1,400,000 had been received to buy both the Runnymede and E. & O. Hotels subject to a reply on April 11th, but the Board were unable to reach a unanimous decision.

Keener interest was shown over the last two or three days by London in Sterling Tins, and there were bids for Pahangs at 18/- x.d., Southern Kinta at 15/-, Kamunting at 13/10½, Bangrin at 36/6, Kent at 5/- and Gopeng at 15/1½.

In Dollar tins, Jelebu remained steady at \$1.22½, Rantau at \$2.65, and Batu Selangor at 90 cents, but Kuchai eased to \$2.35. Information was received from London by cable on Thursday morning that Petaling was cum interim dividend of 30% but as there was no notification of this in Malaya, the company's domicile, the news was thought to be a mistake at that time.

The Australian Tin section was fairly steady over the week and closed firmer. Tongkah Harbour were wanted at 15/3, Kuala Kampar at 39/3, Larut at 14/1½ and Pungah at 22/6.

Of overseas investments, there were buyers of British Borneo Petroleum at 17/-, possibly following the disturbances at oilfields in the Middle East.

In the local market, the demand for the War Loans continued unabated and buyers of the taxable issue were also more in evidence.

Business Done

Industrials. Fraser & Neave Ltd. Ords \$3.55 to \$3.47½, Gammon \$3.10 to \$3.25, Hongkong Bank (Col.) \$740 and \$738, Malayan Breweries \$5.70 and \$5.75, Malayan Collieries \$1.77½ to \$1.80, Malayan Cement 2 cents and 2½ cents premium, McAlister \$32½, Overseas Chinese Banking Corpn., \$96.50 and \$96.00, Perak Hydro Ords 11/10½, Robinson Ords \$3.00, Raffles Hotel \$2.70, Runnymede Hotel \$2.50 to \$2.70 x.d. c.b.i., Straits Steamship \$19.35 to \$19.75 c.d., Singapore Cold Storage \$4.35, Singapore Traction Prefs 21/6, Straits Traders \$19.75 and \$19.90, Uniteer Ords. \$10.40 and \$10.50, Wearnes \$2.82½, Wm. Jacks \$2.80.

Dollar Tins. Hong Fatt 90 cents and 91 cents, Jelebs \$1.22½, Johan 90 cents to 92 cents, Kesang 92½ cents c.d., Klang River \$1.65, Kuchai \$2.40, Petaling \$5.70 to \$5.80, Rantau \$2.67½ and \$2.65, Sungei Way \$3.57½ to \$3.70, Taiping Consolidated \$2.55 c.d.

Australian Tins. Berjuntai 18/9, Kampong Kamunting 27/3 to 27/6, Kampong Lanjut 34/9, Katu 26/9, Kuala Kampar 38/9, Kundang 11/9, Larut 14/1½ to 14/6, Rawang Concession 33/6 to 33/-, Tongkah Harbour 15/4½ to 15/1½, Pungah 23/4½ to 22/- to 22/3.

Sterling Tins Ampat 6/3, Ayer Hitam 28/6, Bangrin 34/6 to 36/6, Hongkong 14/11, Kamra 2/-, Kamuning 12/10½ to 13/10½, Kent 5/-, Sione 5/9, South Kinta violence prevailing in the vicinity of the 14/9.

Rubbers Allenby 85 cents, Amalgamated Malay 97½ cents, Ayer Panas \$1.45 to \$1.42½ to \$1.42½, Alor Gajah 72 cents, Bassett 55 cents, Batu Lintang \$1.70, Benta \$1.22½, Broga 60 cents to 63 cents, Brunei United 96 cents, Changkat Serdang \$1.45, Connemara \$1.05, Glenealy \$1.45 and \$1.42½, Indragiri 17 cents to 50 cents, Kempas \$2.65 to \$2.70, Kluang Ords. \$1.10, Lunas \$2.57½ and \$2.60, Mandai Tekong 30 cents, Pajam \$1.55 to \$1.52½, Perak River Valley \$1.20 to \$1.25 c.d. Rubber Estates of Malaya 14/3, Sungei Bagan \$2.07½ to \$2.05, Tambalak \$1.07½, Teluk Anson \$1.50, Temerloh 60 cents, United Malacca \$1.60 to \$1.65.

Gold Raub \$2 17½.

Overseas Investments Australian: Blair Atholl A.17/-, Electricity Meter Ords A.57/-, Mt. Lyell A.25/4½, Winns A.11/4½.

British: British Borneo Petroleum 44/6 and 44/9.

South African: Daggafontein SA 73/6.

Companies:—

Bukit Kepong Rubber Estates Ltd., whose Bukit Kepong division was sold for \$180,000 as at 1/9/50, shows a profit of \$48,780 (17.4%) for the eight months tapping. Net liquid assets in balance sheet at 31.12.50, \$181,038, are equivalent to 64.7 cents per share. The Company's remaining property is Bolton Estate, consisting of 282 acres replanted with modern material in 1947 and 1948. A final dividend of 30% is recommended which together with interim dividend makes a total of 40% for the year against nil for 1949.

Connemara Ltd., earned a profit of \$164,922 (33%) for the year 1950, and a final dividend of 10% is recommended, making 20% for the year against nil for 1949. Net liquid assets in balance sheet at 31.12.50, \$85,669 equal 17.1 cents per share. All in cost of production was 36.7 cents per lb on a crop averaging 511 lbs per acre. The Company owns 870 acres of old rubber, and 556 acres planted with modern material of which 328 acres are immature. Five tons per month January/June 1951 have been sold forward at \$1.70 per lb.

The Hamilton (F.M.S.) Rubber Co., Ltd., made a profit of \$56,653 (18.9%) for the year ended 31.12.50, and a final dividend of 10% is also declared on account of 1951. Net liquid assets in Balance Sheet were \$104,432 or 34.8 cents per share. All in cost was 36.1 cents on a crop averaging 610 lbs per acre. The Company owns 141 acres of old rubber and 404 acres planted with modern material of which 200 acres are immature. Forward sales for 1951 are 15 tons total delivery January/April at \$1.08 per lb., and 5 tons monthly January/March at \$1.09½ per lb.

Suloh Rubber Estates Ltd., made \$113,719 (41.4%) in 1950, and a final dividend of 10% proposed, making a total of 27½% for the year, against 5% for 1949. Net liquid assets at \$135,489 work out at 24.7

HONGKONG COMMODITY MARKETS

The same story has to be continued this week as previously of an inactive local commodity market, with prices as a whole showing a falling tendency. An exception was provided by industrial chemicals, which for a time were inspired by heavy purchases by North China dealers, but no real improvement can take place in this market until South and Central China purchasers again show an interest.

Decreasing hopes that metals in any quantity would arrive from Europe, due to defence plans and the pooling of steel resources under the Schumann plan, caused the metal market to be lethargic, except for steel wire ropes which were in demand by North China dealers. To add to their difficulties local importers are obliged to obtain US currency to meet the demand by Europe exporters,

cents per share. All in cost was 42 cents per lb. As a result of the increasing violence prevailing in the vicinity of the Company's Estates, considerable difficulty is experienced in retaining an adequate labour force. The usual acreage statement is not presented by this Company, nor is there mention of any forward sales.

Jelepang Tin Dredging Ltd. worked 22.97 acres and made £59,341 (49.5%) in 1950, which should leave approximately 17 acres remaining to be dredged. Net liquid assets in Balance Sheet totalled £196,686, excluding provision for repayment, after receipt of 60% of award of balance of Rehabilitation Loan £7,697, equivalent to £1-12-9½ per share. A dividend of 8/- less tax has since been paid.

Kundang Tin Ltd., property continues on a care and maintenance basis and negotiations are still proceeding for the dredge of an associated company to work the area. A net loss of £659 was suffered for the year to 31.12.50. Net liquid assets in Balance sheet totalled £46,852 or 7/6 per share.

Larut Tin Fields Ltd. Operated two dredges for the year ended 31.12.50, and earned £183,953 (61.3%) from which dividends amounting to 2/- less tax (40%) per share were paid. New liquid assets in Balance Sheet work out at £378,095 or 6/3½ per share before allowing for Rehabilitation Loan £113,863

Taipung Consolidated Ltd., dredging its Kundang section made a net profit of \$765,052 (74.5%) in 1950, and a final dividend of 25% is recommended, making a total of 45% for the year against 30% for 1949. Net liquid assets in Balance Sheet at 31.12.50 equal \$1,538,210 or \$1.50 per share excluding Rehabilitation Loan of \$468,466. 49.55 acres were worked during the year which should leave approximately 110 acres remaining to be worked at 1.51 or two years life at the 1950 rate of exhaustion. An agreement is being at present negotiated towards working on a profit sharing basis the nearby leases of another Company. The Taipung Section remains on a care and maintenance basis.

and American banks are carefully scrutinising all credit transfers required for indented orders. The difficulties thus encountered in addition to the restrictions imposed by the Hongkong authorities have caused prices to drop. This decrease was further augmented by lack of interest shown by mainland dealers. A certain number of supplies find their way into Hongkong by various routes in spite of the embargo, but these are not in sufficient quantity to meet requirements nor even to create much interest.

China produce showed few transactions in vegetable oils; a few buying offers for tung oil (woodoil) were made by European buyers, but as their prices were considered lower than the local quotations no sales took place. A temporary suspension of exports from South China made local exporters reluctant to dispose of their holdings.

Of interest to manufacturers, though meeting with a doubtful reception in certain quarters, was the enforcement by the Hongkong Government of an important regulation under which any transport may be detained under suspicion of smuggling. The penalties also are increased against persons attempting to export prohibited goods without licences.

Cotton Yarn

Lack of interest on the part of exporters and a cessation of purchasing by speculative elements, caused the price of cotton yarns to drop further in the earlier part of the week, but an increase in the price of Pakistan raw cotton caused a slight recovery towards the close. Prices at the end of the week were: Indian 20's, Loyal Textile Mills \$2150 per bale, Sree Meenakshi Mills \$2170, New City of Bombay \$2175 per bale; 32's, Sree Meenakshi Mills \$2415 per bale, Model Mill, Nagpur, \$2420, New City of Bombay Mfg. Co. \$2460 per bale. Hongkong 20's, Golden Peak sold at \$2220, Bat & Urn sold at \$2180 per bale; 32's were quoted at \$2850 per bale.

Cotton Piece Goods

As a result of the cool wet weather the cotton piece goods market lacked activity. With little demand from China, prices moved downward. Indian No. 2293 grey sheeting 36" 40 yds. fell to \$63 per bolt and the Japanese make was offered at \$78 per bolt; Hongkong-made Lucky Star drill was quoted at \$72 per bolt, Indian Vijayalakshmi Mills drill was offered at \$74 per bolt.

Industrial Chemicals

With North China merchants making heavy purchases, the industrial chemicals market showed a revival of activity and prices rose accordingly. South and Central China dealers, however, are still out of the market. Japanese dealers were active with samples of carbon black, in the hope of entering the market now that exporters from the U.S.A. and West Germany are controlled. Increases in the prices of I.C.I. products due to a

shortage of raw materials, affected the market. Towards the close, dealings quietened down. Chilean natural sodium nitrate had good sales at \$45 per picul (133.3 lbs.), German carbon black in 145½ lb. packing sold at \$1880 per case, a slight decrease; Dutch acid acetic glacial in 25-kilo. carboy had sales at \$1.63 per lb.; British sodium hydrosulphide was transacted at the higher price of \$1225 per ton; ICI caustic soda in 300-kilo drums was transacted at \$450 per drum for small lots and \$470 for large quantities; Belgian zinc chloride sold at \$3150-\$3110 per ton; Crown brand quebracho extract, with lessened buying interest, showed sellers holding to \$1.68 per lb. while buyers counter-offered \$1.65.

Metals

Prices of **Galvanised Iron Sheet** dropped with few mainland buyers holding import permits in the market. Indent prices for this commodity, especially in the heavier brackets, increased, the latest quotations on the market being 3' x 7' G24 \$1.50 per lb., G25 \$1.60 and

G28 \$1.70 per lb.; supplies were short. **Mild Steel Plates** were dull with few demands and small supplies: 4' x 8' 1/32" remained at \$210 per picul, 1/16" was offered at \$205 and 1/8" remained firm at \$135 pr picul. Demand from local shipyards improved the price of **Galvanised Mild Steel Plates**, but supplies

were short and no large transactions were completed: 4' x 8' 1/16" to 1/8" went for \$1.15 per lb. Mild Steel Round Bars were extremely quiet with prices falling to \$64 per picul for 20' 5/8" to 1". The 40' varieties also declined to \$66 per picul but with no large transactions recorded. Square, Flat and Angle Bars succeeded in remaining firm though with small transactions. Square bars 20' to 22' 1/2" to 7/8" stood at \$87 per picul but 1" to 1 1/2" deteriorated to \$84 per picul. Flat bars 1/4", 1", 2" and 3/8 rose to \$96 per picul. There was some demand for angle bars by traders from the mainland, but supplies were short. In this commodity 1/8" to 1 1/4" rose to \$110 per picul; 1/4" thick, 2" and 3 1/2" were transacted at an average price of \$89 per picul.

A good demand existed for all specification of Steel Wire Rope especially on the part of North China dealers. In the 24-ply category 1" went up to \$2.70 per lb.; 1 1/4" advanced to \$2.60 per lb.; 1 1/2" stiffened to \$2.40 per lb.; 1 3/4" stood at \$2.30 per lb.; 2" edged up to \$2.10 per lb.; 2 1/4" and 2 1/2" commanded the same price of \$1.95 per lb.; and 3" rose to \$1.80 per lb.

Due to difficulty in obtaining supplies Tinplate prices improved, but local dealers were not anxious to trade in anticipation of further increases. While prices generally advanced some decreases were seen. British tinplate 20' x 28", 200 lb. case rose to \$350 per case, but British tin tapper G42, 175-sheet case fell from \$375 to \$355. Selling offers for US Tinplate waste, waste 18" x 24" electrolytic, Bat brand 200-lb. case, rose to \$355. On the other hand Misprint waste, waste fell to \$180 per picul. On the whole, however, the market remained firm.

China Produce

The market in tung oil (woodoil) was inactive, and local prices remained unchanged at \$245 per picul for unprocessed goods in bulk and \$258 per picul for tung oil in drums. Lack of interest in teaseed oil was conspicuous; sellers quoted \$275 per picul, but exporters countered with \$255, and no large transactions were effected. On account of the price ceiling fixed by the South China authorities, stock holders endeavoured to keep up the price of cassia oil at \$2600

per picul, and raised it to \$2700 with French and U.S. dealers showing interest; no transactions having taken place, the price closed at \$2600 with selling offers also being made at the lower price of \$2300 per picul. Aniseed oil 15 deg., with plentiful supplies and little export interest, declined to \$930 per picul on transactions early in the week, but sellers later increased their quotations to \$980 and with buying offers from Europe selling quotations stiffened to \$1100 per picul.

Indian dealers were in the market for cassia lignea in loose packing (old crop) which changed hands at \$101 per picul, while new crop sold at \$88 per picul and 80-lb. bales were transacted at \$106 per picul (old crop). Cassia scraped (Honan) was quoted at \$115 per picul.

Intensive buying by Japanese exporters, attracted by the low prices ruling, caused the ramie fibre market to recover: Szechuan 1st quality changed hands at \$270 per picul and West River ramie fibres sold at \$272 per picul; Hunan ramie, white, stood at \$275 per picul. Gallnuts were weak, Hankow 2nd qual. selling at \$146 per picul.

HONGKONG EMERGENCY (EXPORTATION) REGULATION, 1951

Regulations to ensure that the controls are not evaded which were imposed under earlier regulations upon the export of certain goods are contained in the Emergency (Exportation) (Miscellaneous Provisions) Regulations, 1951, published by the Hongkong Government under date of April 27. Penalties are provided for any contravention of the regulations. A fine of \$5,000 and imprisonment for two years is provided for failure to obey the directions of an authorised officer, the removal of any chattel or article without permission, breach of condition in an export licence, and for false statements in an application for an export licence.

Any person convicted of any offence of exporting or attempting to export any article contrary to any enactment shall be liable to a fine of \$100,000 and to imprisonment for three years.

Power to seize and forfeit means of conveyance is also provided. The regulations also provide that no vessel exceed-

ing 300 gross tons and no aircraft may be seized, removed and detained without the prior consent of the Colonial Secretary.

An explanatory note published with the Regulations reads as follows:

Restrictions upon the export of certain goods are contained in various orders made under the Importation and Exportation Ordinance, 1915, and under regulation 50 of the Defence Regulations, 1950. Those orders permit the export of such goods only under licence.

Experience has shown that in the present situation further powers are desirable to ensure that the above mentioned restrictions are not evaded. The above regulations (made under the Emergency Regulations Ordinance, 1922) seek to achieve this objective. In particular, they enable the Director of Commerce and Industry or a person authorised by him to direct goods to be deposited in specified places (regulation 3) and permit the seizure and confiscation of the means of conveyance of goods in the process of being exported without a licence (regulation 6). A very heavy penalty (fine of one hundred thousand dollars and imprisonment for three years) is imposed for the offence of exporting or attempting to export without a licence and the burden of proof that such offence has not been committed is placed upon the accused (regulation 5). Absolute liability for a breach of any condition contained in an export licence is placed upon the person to whom such licence is issued (regulation 7) and penalties are provided for making false statements in applications for export licences (regulation 8).

The regulations do not expressly amend the Importation and Exportation Ordinance, 1915, but are generally designed to be supplemental both to that Ordinance and regulation 50 of the Defence Regulations, 1950. The penalty provided by regulation 5 (2) for attempting to export without a licence is considerably higher than that already provided by the Importation and Exportation Ordinance, 1915. It has not been considered necessary to amend that Ordinance because section 2 (4) of the Emergency Regulations Ordinance, 1922, provides that any emergency regulation shall have effect notwithstanding anything inconsistent therewith contained in any enactment and that the portion of the enactment affected by the inconsistency shall have no effect so long as the emergency legislation continues in force.